

**ORIGINAL**

*Before the*  
**UNITED STATES POSTAL RATE COMMISSION**

**In the Matter of:            POSTAL RATE AND FEE CHANGE**

**Docket No.                    R2000-1**

**VOLUME 46-B**

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**1025 Connecticut Avenue, N.W., Suite 1014**

**Washington, D.C. 20036**

**(202) 842-8034**

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION

Party

Interrogatories

**Association for Postal Commerce**

**Joe Lubenow (PostCom-T-3)**

Postal Rate Commission

USPS/PostCom-T3-1-2

**Association of Alternate Postal Systems**

**John White (AAPS-T-1)**

Postal Rate Commission

USPS/AAPS-T1-18-20

**Association of Priority Mail Users, Inc.**

**John Haldi (APMU-T-1)**

Douglas F. Carlson

DFC/APMU-T1-2

**E-Stamp & Stamps.com**

**Raymond Boggs (E&S-T-1)**

United States Postal Service

USPS/E&S-T1-22-23

**E-Stamp Corporation**

**Michael Jones (E-Stamp-T-1)**

Office of the Consumer Advocate

OCA/E-Stamp-T1-2-4, 6

PartyInterrogatories**Florida Gift Fruit Shippers Association****Joseph E. Ball (FGFSA-T-1)**

United States Postal Service

USPS/FGFSA-T1-8

**Magazine Publishers of America****Antoinette Crowder (MPA-T-5)**

Newspaper Association of America

Response of Witness Crowder to Questions  
Raised at Hearing (Tr. 32/16311-2)

Postal Rate Commission

Response of Witness Crowder to Questions  
Raised at Hearing (Tr. 32/16311-2)**National Newspaper Association****Max Heath (NNA-T-1)**

Advo, Inc.

ADVO/NNA-T1-1-2

**Newspaper Association of America****Institutional**

United States Postal Service

USPS/NAA-1, 2a, c-i  
VP-CW/NAA-T1-11c redirected to NAAVal-Pak Direct Marketing, Val-Pak  
Dealers, & Carol Wright

VP-CW/NAA-T1-11c redirected to NAA

**William B. Tye (NAA-T-1)**

Postal Rate Commission

USPS/NAA-T1-13, 25, 40

**Office of the Consumer Advocate****James F. Callow (OCA-T-6)**

Postal Rate Commission

Response of OCA Witness Callow to Requests of  
the Presiding Officer at Hearings (Tr. 36/16924-26)

PartyInterrogatories**Pitney Bowes Inc.****Institutional**

Douglas F. Carlson

DFC/PB-1-2

Office of the Consumer Advocate

OCA/PB-T1-3, 5 redirected to PB

**Saturation Mailers Coalition, The****Roger Merriman (SMC-T-2)**

Postal Rate Commission

NAA/SMC-T2-1

**Stamps.com****Frank R. Heselton (Stamps.com-T-1)**

United States Postal Service

DFC/Stamps.com-T1-14-17

**Thomas C. Kuhr (Stamps.com-T-2)**

Office of the Consumer Advocate

OCA/Stamps.com-T2-1, 3-5, 7

**Leora E. Lawton (Stamps.com-T-3)**

United States Postal Service

USPS/Stamps.com-T3-6-8

**United Parcel Service****Institutional**

Amazon.com, Inc.

PSA/UPS-8

**David E. M. Sappington (UPS-T-6)**

Amazon.com, Inc.

PSA/UPS-T6-19

PartyInterrogatories**Stephen E. Sellick (UPS-ST-1)**

United States Postal Service

PSA/UPS-ST1-1

Response to Question Posed at Hearing (Tr.  
37/17002-12)**Stephen E. Sellick (UPS-T-2)**

Postal Rate Commission

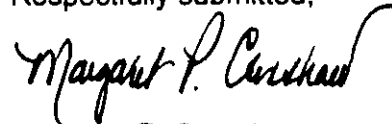
POIR No. 19

**Stephen E. Sellick (UPS-T-4)**

Postal Rate Commission

Response of Witness Sellick to Question Posed at  
Hearings by USPS (Tr. 31/15201)

Respectfully submitted,

Margaret P. Crenshaw  
Secretary

INTERROGATORY RESPONSES  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

InterrogatoryDesignating PartiesAssociation for Postal Commerce**Joe Lubenow (PostCom-T-3)**

USPS/PostCom-T3-1

PRC

USPS/PostCom-T3-2

PRC

Association of Alternate Postal Systems**John White (AAPS-T-1)**

USPS/AAPS-T1-18

PRC

USPS/AAPS-T1-19

PRC

USPS/AAPS-T1-20

PRC

Association of Priority Mail Users, Inc.**John Haldi (APMU-T-1)**

DFC/APMU-T1-2

Carlson

E-Stamp & Stamps.com**Raymond Boggs (E&S-T-1)**

USPS/E&amp;S-T1-22

USPS

USPS/E&amp;S-T1-23

USPS

E-Stamp Corporation**Michael Jones (E-Stamp-T-1)**

OCA/E-Stamp-T1-2

OCA

OCA/E-Stamp-T1-3

OCA

OCA/E-Stamp-T1-4

OCA

OCA/E-Stamp-T1-6

OCA

InterrogatoryDesignating PartiesFlorida Gift Fruit Shippers Association**Joseph E. Ball (FGFSA-T-1)**

USPS/FGFSA-T1-8

USPS

Magazine Publishers of America**Antoinette Crowder (MPA-T-5)**Response of Witness Crowder to Questions  
Raised at Hearing (Tr. 32/16311-2)

NAA, PRC

National Newspaper Association**Max Heath (NNA-T-1)**

ADVO/NNA-T1-1

Advo

ADVO/NNA-T1-2

Advo

Newspaper Association of America**Institutional**

USPS/NAA-1

USPS

USPS/NAA-2a

USPS

USPS/NAA-2c

USPS

USPS/NAA-2d

USPS

USPS/NAA-2e

USPS

USPS/NAA-2f

USPS

USPS/NAA-2g

USPS

USPS/NAA-2h

USPS

USPS/NAA-2i

USPS

VP-CW/NAA-T1-11c redirected to NAA

USPS, VP-CW

**William B. Tye (NAA-T-1)**

USPS/NAA-T1-13

PRC

USPS/NAA-T1-25

PRC

USPS/NAA-T1-40

PRC

InterrogatoryDesignating Parties**Office of the Consumer Advocate****James F. Callow (OCA-T-6)**

Response of OCA Witness Callow to Requests of the Presiding Officer at Hearings (Tr. 36/16924-26)	PRC
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**Pitney Bowes Inc.****Institutional**

DFC/PB-1	Carlson
DFC/PB-2	Carlson
OCA/PB-T1-3 redirected to PB	OCA
OCA/PB-T1-5 redirected to PB	OCA

**Saturation Mailers Coalition, The****Roger Merriman (SMC-T-2)**

NAA/SMC-T2-1	PRC
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**Stamps.com****Frank R. Heselton (Stamps.com-T-1)**

DFC/Stamps.com-T1-14	USPS
DFC/Stamps.com-T1-15	USPS
DFC/Stamps.com-T1-16	USPS
DFC/Stamps.com-T1-17	USPS

**Thomas C. Kuhr (Stamps.com-T-2)**

OCA/Stamps.com-T2-1	OCA
OCA/Stamps.com-T2-3	OCA
OCA/Stamps.com-T2-4	OCA
OCA/Stamps.com-T2-5	OCA
OCA/Stamps.com-T2-7	OCA

**Leora E. Lawton (Stamps.com-T-3)**

USPS/Stamps.com-T3-6	USPS
USPS/Stamps.com-T3-7	USPS



InterrogatoryDesignating Parties

USPS/Stamps.com-T3-8

USPS

United Parcel Service**Institutional**

PSA/UPS-8

Amazon

**David E. M. Sappington (UPS-T-6)**

PSA/UPS-T6-19

Amazon

**Stephen E. Sellick (UPS-ST-1)**

PSA/UPS-ST1-1

USPS

Response to Question Posed at Hearing (Tr.  
37/17002-12)

USPS

**Stephen E. Sellick (UPS-T-2)**

POIR No. 19

PRC

**Stephen E. Sellick (UPS-T-4)**Response of Witness Sellick to Question Posed  
at Hearings by USPS (Tr. 31/15201)

PRC

**Association for Postal Commerce**

**Joe Lubenow  
(PostCom-T-3)**

**Response of Association for Postal Commerce witness Joe Lubenow to  
interrogatory of U.S. Postal Service**

**USPS/PostCom-T3-1. Please refer to your testimony at p.21, line 28 through p.22, line 1, where you refer to the "small and subtle costs that occur during the processing of address information". Please explain your basis for stating in line 31 that such costs add up to an "impressive" total. Please provide the data and analyses that support this claim.**

**RESPONSE**

The basis for my statement consists in the qualitative claim that deficient addresses cause small and subtle costs that are difficult to measure, coupled with the claim, which can be more easily quantified, that there are many deficient addresses submitted to the USPS.

A report published by the USPS in September 1999, entitled "Undeliverable As Addressed", contains some relevant points. It states (p. 1) that "the estimated annual volume of undeliverable-as-addressed (UAA) mail in FY1998 was 5.4 billion pieces, with an average piece cost of \$0.29". This gives a total cost in excess of \$1.5 billion.

It explains that UAA mail is generated by a number of causes, some of which are related to the address quality problems detailed in my testimony. These include the addressee having moved, or the address being incomplete, illegible or incorrect. There are other reasons for UAA mail such as refused mail or postage not having been paid which are not related to address quality. A main conclusion of the report is that increased use of USPS Move Update programs has helped to cut the costs of UAA mail approximately in half. In other words, an additional potential cost of \$1.5 billion was avoided in 1998 because of Move Update programs, according to the report.

An important point made by the USPS (p. 1) is that "The costs of all categories of UAA mailing are charged to the customer, either directly (as part of a fee) or indirectly (as part of the rate)".

Another part of the report (pp. 15-16) details a study of address deficiencies on randomly selected letter mail pieces. In the study, 23.5% of the pieces had some

**Response of Association for Postal Commerce witness Joe Lubenow to  
interrogatory of U.S. Postal Service**

deficiencies. More specifically, 7% had directional or suffix deficiencies, 6.9% had street name or number deficiencies, 4.9% had apartment number deficiencies. Further, 3.1% had city/state/ZIP deficiencies, 2.8% had an addressee who had moved, 2.6% had an incorrect ZIP+4 code, and 0.4% had problems with a rural route or box number. These numbers add up to more than 23.5% because of multiple deficiencies in some cases.

This report gives us a basis for estimating how many mailpieces are delivered despite having some deficiencies. The study of address deficiencies only involved letters. Address quality may be somewhat better for nonletters, but it is safe to say that it is not drastically better. Given the preponderance of letters, my estimate is that address deficiencies on all mail should be about 20%, plus or minus a few percentage points. But the data in the USPS report tells us that less than 3% of all mailpieces are UAA. So for every UAA mailpiece, there is reason to believe that there are five or six more with address deficiencies that are still delivered.

Now consider the main types of deficiencies and the additional effort that will be needed to deliver the mailpiece anyway. I have discussed in my testimony the various possibilities that arise when an apartment number, directional or suffix is missing. If there is a deficiency in the city, state or ZIP code, street name, house number, box or route number, the effects are similar: internal handoffs, additional clerical labor, delayed processing, and rerouting. If the addressee has moved, the piece will go to the carrier for delivery, and since by hypothesis the piece is successfully delivered, it is hard to escape the conclusion that some additional handling takes place, unless the distance involved is very short.

In conclusion, it would appear that 15% to 20% of all mailpieces have some address deficiency but are delivered nonetheless. If this number, based on inferences from the data supplied by the USPS, is even close to correct, then indeed I would reaffirm that it is an "impressive total". Once again, as I emphasized in my testimony, once the mailpiece has been submitted to the

be surprising if informal rerouting of missorted pieces costs more than discarding a mailpiece.

(b) As mail processing technology improves, the curve would tend to flatten. For example, improvements in handwriting recognition or data base searching would reduce the work required to deliver mailpieces that are problematic. And as the USPS points out, improved identification of Move Updates reduces UAA mail at the highest cost end of the curve. Furthermore, industry investments in address quality also tend to flatten the curve both by reducing the additional labor involved in salvaging delivery and in cutting down on UAA mail.

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USPS/PostCom-T3-2. Please refer to your testimony at p. 22, lines 9-26.

- a. Please explain your derivation of the address quality cost curve for the USPS. If it is more than just a theoretical notion, please provide any data or specific evidence on which this cost curve may be based.
- b. Please explain how your address quality cost curve changes (e.g., curve flattens) as mail processing technology improves.

**RESPONSE:**

(a) The address quality cost curve is in the first instance a theoretical construct. My point in putting it forward was to make it easier to think about how the costs of address quality affect the USPS in comparison with how those costs fall upon mailers. In so doing, it may be possible to create a better structure of rates and incentives that leads to an improved overall outcome.

This theoretical cost curve has at least two fixed data points, with a range of intermediate points connecting the two fixed points. The precise values of the intermediate points are not known. The first fixed data point is for complete and correct addresses that exactly match a postal delivery point and have a barcode with the maximum applicable depth of code. These offer the USPS the best cost profile that can be achieved in the current environment. The second fixed data point is for UAA addresses, which are forwarded, returned or discarded. The USPS estimates these to have an average cost of \$0.29 as mentioned above.

This number can be broken down further to create additional data points. Returned mail at an average of \$0.59 is the most costly segment within UAA. Forwarding costs an average of \$0.21 and discarding a mail piece is estimated at \$0.04.

The unknown costs for activities cited in my testimony (p. 21, lines 28-31) such as internal handoffs, rerouting missorted pieces, additional clerical labor, and delayed processing may be expected generally to fall within the fixed data points discussed. In some cases, there may be an overlap. For example, it would not

**Association of Alternate Postal Systems**

**John White  
(AAPS-T-1)**

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL  
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF  
UNITED STATES POSTAL SERVICE**

USPS/AAPS-T1-18. Please see your testimony at page 5, line 8, where you state that you "wonder when it's our turn" to file a rate case.

- a. Are you referring to a rate case that would involve Postal Service rates?
- b. Please confirm that, if the market situation dictates or otherwise allows, you are free to increase or decrease the rates you charge for delivery, and that these rates can vary by customer. If you cannot confirm, please explain.

Response

- a) I meant it would be nice if we could just file a request to increase our rates whenever our costs increase (as the Postal Service does when it requests a raise in First Class rates) and then get a recommended decision by the Postal Rate Commission for an increase that would leave our customers with no alternatives and no choice but to pay more.
  - b) Of course we are free in a legal sense to charge as much or as little as we want on a customer-by-customer basis, but there are practical and market forces that limit our flexibility. Unlike the Postal Service, we have no statutory or other monopoly.
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**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL  
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF  
UNITED STATES POSTAL SERVICE**

USPS/AAPS-T1-19. Please see your testimony at page 26, lines 1-3 where you state that "you can't say what the effect of weight on costs actually is..."

- a. Are you referring to the costs the Postal Service incurs as weight increases?
- b. What is the effect of weight increases on your costs? What studies and analyses support your conclusion? Please identify the studies by title, author, and date and provide copies.

Response

- a) Yes.
- b) We have to pay our contractors more per piece, as increasing weight requires additional time to restock their bags and deliver their routes and increases their transportation costs. As independent contractors, their automobile costs (gasoline) have nearly doubled for them in the past year, which raises the question, has any consideration been given to skyrocketing fuel costs since the recommendation to lower pound rates in the USPS was submitted in January, 2000?

No formal studies have been funded, nor are they necessary. Apt business practices based on years of delivery experience in each AAPS member's market supports the concept to charge more if it weighs more than your weight limit. Please see my response to Advo/AAPS-T1-19 for the results of an informal study I performed.

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**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL  
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF  
UNITED STATES POSTAL SERVICE**

USPS/AAPS-T1-20. Please see your response to USPS/AAPS-T1-1(a).

- a) What is a "fair and appropriate share of the product" that you should be able to obtain?
- b) Of what market share information are you privy with regard to products competing with Standard Mail (A)? Please identify such information by title, author, and date.
- c) Provide a copy of each document identified in subpart (b).

**Response**

- a) I can't quantify it, and I'm afraid that my response might be a bit circular. But the best answer I can give is that a fair and appropriate market share for us is that share that we would obtain when we operate efficiently and the Postal Service's rates against which we compete are in compliance with the law.
- b) My only market share "information" is that alternative delivery has roughly 2-3% of the market for the primary materials we are permitted to and strive to deliver. There is no title author or date for this conclusion. It results from my efforts about a year ago to estimate our market share.
- c) There are none.

**Association of Priority Mail Users, Inc.**

**John Haldi  
(APMU-T-1)**

Response of APMU Witness John Haldi to Interrogatories of Douglas F. Carlson  
Page 1 of 2

**DFC/APMU-T1-2.**

- a. Please confirm that the Web sites of FedEx and UPS, using a module that allows searches by address, city, or ZIP Code, provide locations and collection times of collection boxes, a map of collection-box locations, the distance from an address to particular collection boxes, and maps that allow customers to scroll in any direction to locate, on the map, other collection boxes. If you do not confirm, please explain.
- b. Please confirm that the UPS Web site also provides directions to collection boxes.
- c. Please confirm that the Postal Service Web site does not provide any of the information in (a) or (b) concerning locations of collection boxes where customers may deposit First-Class Mail or Priority Mail. If you do not confirm, please explain.
- d. Please confirm that absence of information on locations of collection boxes from the Postal Service Web site lowers the value of Priority Mail service compared both to this aspect of the value of competitors' services and to the value of Priority Mail service if collection-box information were available on the Postal Service Web site. If you do not confirm, please explain.

**Response:**

- a. Confirmed.
  - b. Confirmed.
  - c. I am not aware of any such service. Perhaps a Postal Service witness could provide a more authoritative answer.
  - d. Most Postal Service clients likely know the location of, and have ready access to, collection boxes for First-Class Mail and such Priority Mail as is accepted in collection boxes, but their awareness of the critical last pick-up time, which may vary by collection box, seems far less certain. In my view, the immediate
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Response of APMU Witness John Haldi to Interrogatories of Douglas F. Carlson  
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access to information from UPS, FedEx, and other postal competitors regarding the location and the last drop-off time for nearby collection boxes (with the last pick-up time) or offices which stay open later than most post offices (with the deposit deadline), combined with the later pick-up times than are available from Postal Service competitors, substantially enhances the value of competitors' expedited services vis-a-vis Priority Mail. Mailers sending Priority Mail which is not metered and exceeds one pound generally (if not presented to a postal carrier at the sender's residence or place of business) must be brought to a post office counter for acceptance where the mailer may be required to provide identification (DMM D100.2.6), and therefore after the closing time of the local post office (usually 5:00 p.m.) must travel to a facility that is open later, such as a Sectional Center Facility. These are fundamental differences reflecting the fact that expedited services represent a major product line for private sector competitors, whereas for the Postal Service expedited services are a comparatively minor part of the total mailstream.

**E-Stamp & Stamps.com**

**Raymond Boggs  
(E&S-T-1)**

**USPS/E&S-T-1-22** Please refer to your response to USPS/E7S-T1-10, where you state that the "Work-at-Home" survey was used in a limited capacity in your testimony. Please list, describe and provide the underlying data used to develop home office estimates in your testimony.

**RESPONSE:**

The first part of the home office forecast for PC postage used to assemble the forecast for income-generating home office households is presented in Table 7 of my testimony and is repeated below.

<b>Table 7</b> <b>U.S. Primary-Income-Generating Home Office Households, PC Households,</b> <b>and Internet Households, 1998-2003 (000)</b>							
	1998	1999	2000	2001	2002	2003	1998- 2003 CAGR (%)
Home office households	14.3	15.5	16.7	18.1	20.6	21.9	8.9
PC households	10.0	11.1	12.3	13.8	16.3	17.8	12.3
Internet households	5.6	6.5	7.7	9.5	11.8	13.7	19.5
<b>Key Assumptions:</b> <ul style="list-style-type: none"><li>• U.S. economic growth rates will not change significantly.</li><li>• Economic conditions and tax law changes will foster home-based business establishment.</li></ul>							
<b>Messages in the Data:</b> <ul style="list-style-type: none"><li>• Growth in primary self-employment will exceed that of any small business size segment.</li><li>• By 2002, the number of primary-income-generating home offices will have grown 53% over 1998. Almost one household in five will include a full-time worker in a home-based business and will be important prospects for PC postage.</li></ul>							
Source: International Data Corporation, 1999							

The second part of the forecast was assembled by noting the interest in PC postage expressed by the smallest of small businesses, those with under 5 employees. These would be closest to home-based businesses in size. Home offices themselves were not asked their specific interest in PC postage. Absent

that information, the interest expressed by firms with under 5 employees would be the closest approximation available. Table 14 from my testimony, reproduced below, indicates that 8.0% of small businesses with under 5 employees indicated that they were very interested in PC postage of any type.

**Table 14  
U.S. Small Business Interest in Different PC Postage Alternatives by Company  
Size, 1999 (%)**

	Total	Number of Employees				
		Under 5	5-9	10-19	20-49	50-99
Traditional meter, refill by phone						
Very interested	12.8	8.5	15.2	19.7	17.9	26.8
Somewhat interested	10.9	6.6	13.4	15.2	17.3	32.5
Total	23.7	15.1	28.6	34.9	35.2	59.3
Traditional meter, refill by Internet						
Very interested	6.4	3.8	6.7	9.1	14.8	14.6
Somewhat interested	10.8	5.5	15.2	18.2	16.7	25.2
Total	17.2	9.3	21.9	27.3	31.5	39.8
PC postage – any type						
Very interested	9.5	8.0	9.8	12.1	14.8	8.1
Somewhat interested	15.7	13.7	17.7	15.9	19.1	25.2
Total	25.2	21.7	27.5	28.0	33.9	33.3

N (PC owners) = 949

Source: IDC's *Small Business Survey*, 1999

The number of home offices that had PCs in total (11.1 million at the end of 1999) and the percent of very small businesses (under 5 employees) that said they were very interested in PC postage (8.0%), which is the market opportunity



for PC postage in home offices, could be estimated at 888,000. For small businesses, a similar analysis yielded 6.559 million small businesses with PCs (from Table 3) and 9.5% very interested in PC postage (from Table 14), which calculates to a market opportunity of 623,000.

Although the potential number of home office PC customers was greater than the potential number of small business customers, IDC judged that the adoption of small business firms would be more rapid and that spending would be lower (although estimates were prepared for neither the number of customers nor the average spending per customer).

Given these assumptions, IDC took the conservative view that the conversion of those small business and home offices believed to have the highest interest in PC postage would take until the end of the planning period – 2003 – to reach fruition. IDC also anticipated that postage spending would be lower among home office PC postage users than among small business PC postage users, although spending estimates by customer types were not prepared. The anticipated smaller share of interested home offices actually implementing PC postage, and lower average spending of home office PC postage customers compared with small business PC postage customers were reflected in the market forecasts. IDC estimates that home offices will account for 27.6% of PC postage in 2000, a percentage that will increase to 32.9% by 2003 (see Table 10).

**USPS/E&S-T1-23** Please refer to your response to USPS/E&S-T1-15.

- (a) Please list by name, title, academic and professional experience/accomplishment each person whose "judgment" was used to formulate the key assumptions in Tables 2-10 of your testimony.
- (b) In reference to "past history" used to formulate key assumptions in Table 2-10 of your testimony, provide the relevant period.
- (c) Describe in detail your understanding of the term "IDC market definition."

**RESPONSE:**

- (a) A number of IDC staff contributed to the research that provided the basis for analysis and preparation of assumptions. The biographies of the four whose contribution was of greatest importance are included below.

**Raymond L. Boggs**

*Vice President, Small Business and Home Office Research  
IDC*

Mr. Boggs has a diverse background in the communications, computer, and office automation industries as well as consumer and channel research. He oversees all Home Office and Small Business research at IDC.

As part of his work, Mr. Boggs directs survey research, forecasting, and market analysis for advanced telecommunications, personal computing, and office automation products and services designed for small businesses and home offices. Research includes identifying key product requirements of different market segments, tracking changing customer channel preferences, and evaluating alternative strategies in response to competitive developments. Mr. Boggs has consulted extensively on changing

**RESPONSE OF E-STAMP CORPORATION AND STAMPS.COM WITNESS RAY  
BOGGS TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE**

20540

distribution trends for advanced technology products and the emerging communications and networking needs of small and home-based enterprises.

Prior to joining IDC, Mr. Boggs directed consumer and business research in the technology practice area of Response Analysis Corporation in Princeton, NJ. He managed research activity to support the firm's Electronic Access program and provided qualitative and quantitative primary research to a wide range of clients. Boggs had previously established and managed the Small Business/Home Office (SOHO) Research Program and the Small Business Market Strategy Service at BIS Strategic Decisions in Norwell, MA. where he was among the first to identify and examine the growing SOHO market.

Mr. Boggs has written numerous articles for major trade and general business publications and is regularly quoted in *Business Week*, *The Wall Street Journal*, and *The New York Times*. He has been a featured speaker at COMDEX/Fall, the Consumer Electronics Show, and other industry trade shows. He recently served as a guest lecturer at the Anderson Graduate School of Business at UCLA. Boggs completed his undergraduate work at Hamilton College and has earned graduate degrees from Brown University and the Boston College Carroll School of Management.

**Mary Porter**

*Senior Analyst, Small Business and Home Office Programs*  
IDC

As Senior Analyst for IDC's Small Business and Home Office Programs, Ms. Porter focuses on research into small business and home office use of a wide range of

advanced technology products and services. Ms. Porter works closely with clients in developing and interpreting survey research designed to identify specific market opportunities. Experienced in both primary and secondary research methodology, Ms. Porter has also worked closely with other IDC analysts in building comprehensive market forecasts.

Prior to rejoining IDC/LINK in March, 1996, she worked for newsletter publisher, EPM Communications, writing newsletters on consumer research trends. She was editor for Research Alert, Youth Markets Alert, and Minority Markets Alert newsletters. She also served as marketing communications consultant for FIND/SVP's Emerging Technologies Research Group. From 1986 to 1992, she worked at LINK Resources as Marketing Director, where she was responsible for promoting LINK's research, supporting sales, public relations, and client service.

Before LINK, she worked on electronic marketing projects at The Equitable, helping to develop and test interactive advertising and lead generation for financial services products. Prior to that, she was Renewal Manager at Newsweek Magazine, handling renewals, billing and gift subscription promotion.

Ms. Porter is a graduate of Oberlin College, in fine arts, and has an MBA with a marketing concentration from N.Y.U.

**Merle Sandler**

*Senior Analyst, Small Business and Home Office Research*  
IDC

Merle Sandler is a senior research analyst in IDC's Small Business and Home Office programs. In this role she is involved in conducting survey research, analysis, and forecasting for advanced technology products and services designed for small businesses and home offices.

Prior to joining IDC, Ms. Sandler was a professor at Wits Business School, University of the Witwatersrand, South Africa, where she taught in the areas of market research, statistics, and finance. She was also responsible for the student research process. Ms. Sandler has published numerous articles in academic journals and has presented at conferences worldwide. Her consulting experience covers market research in a variety of industries.

Ms. Sandler has an undergraduate degree from the University of Natal and she has earned an M.B.A. (cum laude) from the University of the Witwatersrand.

**Bruce Stephen**

*Group Vice President, Worldwide Personal Systems Research*  
IDC

Bruce A. Stephen, IDC's Group Vice President of Worldwide Personal Systems Research, is responsible for managing a portfolio of research products and a research team that tracks technology, competition, product volume, and trends in the global personal systems, handheld computer, PC display, consumer devices as well as small business, education and home-office markets. Mr. Stephen is an adviser and manager

in product development, sales and marketing, and financial management, as well as research content and analysis. He also serves on IDC's senior management committee.

Mr. Stephen designs and coordinates a variety of custom and special research projects and services that focus on personal systems. He has coordinated special IDC demand-side studies on the U.S. White Box PC market, information appliances, and handheld computers. He is also an ongoing contributor to custom research and consulting projects, especially in the area of personal computers.

Mr. Stephen manages IDC's annual PC Market Outlook conference and is a frequent speaker and panelist at both IDC and industry events worldwide. In addition, he has served as a member on several PC vendor advisory councils.

His opinions are often quoted in numerous business and daily newspapers including *USA Today*, *The Wall Street Journal*, *Investor's Business Daily*, *Business Week*, and *The New York Times*. He is also quoted in major computer industry trade and online publications.

Before joining IDC in 1988, Mr. Stephen spent more than three years with one of the computer industry's leading weekly newspapers, *PC Week*. As a news reporter, Mr. Stephen followed the products, technologies, companies, and events that shaped the microcomputer industry.

Mr. Stephen holds a B.A. degree in cultural anthropology from Macalester College in St. Paul, Minn.

- (b) "Past history" refers to the period of 1995 to the present.
- (c) IDC's market definition of PC postage focuses on postage that is printed by the customer using the customer's own printer and used for first class postage. PC postage uses the USPS IBI standard and can be considered open solutions. Market estimates for "closed" systems, such as the Neopost Simply Postage product, are not included in the definition. Because the heart of the PC postage market will be in providing first class postage, overnight and package delivery applications are not included in the definition, although PC postage may be used to support these activities.

**E-Stamp Corporation**

**Michael Jones  
(E-Stamp-T-1)**



**RESPONSE OF E-STAMP CORPORATION WITNESS JONES  
TO INTERROGATORIES OF CONSUMER ADVOCATE**

20546

**OCA/E-STAMP-T1-2**      You indicate that E-Stamp rolled its product out nationwide in August 1999 (E-Stamp-T-1 at 6). Provide the number of active E-Stamp customers by month from August 1999 to the present. Include only customers making postage purchases through E-Stamp in each month.

**RESPONSE:**

As of March 31, 2000, E-Stamp had shipped approximately 79,000 starter kits since the launch of our Internet Postage product in August, 1999. This is the last published figure.

**RESPONSE OF E-STAMP CORPORATION WITNESS JONES  
TO INTERROGATORIES OF CONSUMER ADVOCATE**

20547

**OCA/E-STAMP-T1-3** Provide E-Stamp's estimate of the number of active customers it expects to have by the end of the test period in this Docket No. R2000-1 (September 2001). Break down the estimate by the categories of end users given in response to OCA/E-STAMP-T1-1. Indicate specifically how many of the total number of projected customers are (a) households and (b) home offices?

**RESPONSE:**

In the Ray Boggs testimony (page 36) on behalf of E-Stamp Corporation and Stamps.com, projections are made for spending on PC Postage (First-Class postage only) through the year 2003, but a direct projection on the number of users over that time frame is never made. Instead, Boggs projects the potential market sizes based on the growing numbers of Small Offices and Home Offices (SOHOs) along with their increased usage of PCs and the Internet. While these projections are made on a year ending basis, it could be estimated from the Boggs projections that the total spending on PC Postage from January, 2001 to the end of September, 2001 would be approximately \$460.4 million (\$326.9 million from Small Offices and \$133.5 million from Home Offices). Boggs estimates that by the end of 2001, SOHOs using PC Postage will account for approximately 4.3% of all First-Class spending.

E-Stamp customers are in roughly four categories: household; home office; small office (one to nine employees); and large office (ten or more employees). E-Stamp does not keep data on the numbers in each category. E-Stamp does not ask the customer to identify itself in that manner so none of that information is captured, except to know that we do have some customers in each one of those categories. Although E-Stamp does have household customers, E-Stamp does not target to households. We believe that most of our customers are home offices and small offices because that is what E-Stamp targets in its marketing efforts. While we believe we do have some larger

**RESPONSE OF E-STAMP CORPORATION WITNESS JONES  
TO INTERROGATORIES OF CONSUMER ADVOCATE**

20548

business customers, we do not believe that there would be many; they have postage meters and do high volumes and the technology has not really been converted to meet that market segment. We are confident that most of our customers would be in the home office/small office category.

**RESPONSE OF E-STAMP CORPORATION WITNESS JONES  
TO INTERROGATORIES OF CONSUMER ADVOCATE**

20549

**OCA/E-STAMP-T1-4**      Currently, what is the average amount of postage purchased by an E-Stamp customer monthly? What is the average number of mailpieces to which an E-Stamp customer applies E-Stamp postage monthly?

**RESPONSE:**

The maximum allowable balance on a postal security device (PSD) is \$500. This number was chosen by the USPS prior to the commencement of beta trials and has been the set limit ever since. The Postal Service may adjust this limit higher at some point, or may chose to have various limits each related to different target markets.

**RESPONSE OF E-STAMP CORPORATION WITNESS JONES  
TO INTERROGATORIES OF CONSUMER ADVOCATE**

20550

**OCA/E-STAMP-T1-6** For customers applying First-Class postage to one ounce letter mailpieces through E-Stamp, please state the costs (over and above the cost of postage) to mail (a) 20 letters and (b) 80 letters each month. If there are choices of plans at different prices, indicate the most economical for the customer. Provide copies of rate plans.

**RESPONSE:**

The question is not relevant to E-Stamp because our fee structure does not charge based on the usage patterns described. E-Stamp charges a fee of 10% of the amount of postage purchased, with a minimum charge of \$4.99 and a maximum charge of \$24.99. The maximum amount of postage that can be purchased at any one time is \$500.

**Florida Gift Fruit Shippers Association**

**Joseph E. Ball  
(FGFSA-T-1)**

USPS/FGFSA-T1-8. Please refer to your responses to USPS/FGFSA-T1-5 and 6.

- a. Please confirm that your testimony on lines 12-14 on page 15 claims that 13 percent of the TRACS samples in Inter-BMC transportation and 24 percent of the TRACS samples in Intra-BMC transportation "reflect that there was no mail on the vehicle at the time of the TRACS sample." If you cannot confirm, please explain fully.
- b. Please confirm that your response to USPS/FGFSA-T1-5(b) indicated that the cited percentages (i.e., 13 percent and 24 percent) related to "Zero-Volume Tests," and that your response to USPS/FGFSA-T1-5(d) stated your understanding that a "Zero-Volume Test" is one where there was no mail on the vehicle at the time of the TRACS test. If you cannot confirm, please explain fully.
- c. Please confirm, as indicated in your response to USPS/FGFSA-T1-6(a) and in the oral cross-examination by your counsel of Dr. Xie, the Postal Service's exert on the TRACS system, at Tr. 17/6925-26, that your original understanding that a "Zero-Volume Test" is one where there was no mail on the vehicle at the time of the TRACS test is incorrect, and that a "Zero-Volume Test" will be recorded if no mail was unloaded, even if, in fact, there was mail on the vehicle at the time of the test. If you cannot confirm, please explain fully.
- d. Please refer to your response to USPS/FGFSA-T1-6(b) and confirm that:
  - (i) With respect to the percentage of 49.5 shown for Inter-BMC, this does not reflect the percentage of total vehicles which were empty at the time of the sample, but instead only reflects the percentage of the subset of vehicles for which a "Zero-Volume Test" was recorded.
  - (ii) For the 13 percent Inter-BMC figure on page 15 of your testimony to be correct, the 49.5 percent figure cited above would have to have been 100 per percent.
  - (iii) With respect to the percentage of 64.5 shown for Intra-BMC, this does not reflect the percentage of total vehicles which were empty at the time of the sample, but instead only reflects the percentage of the subset of vehicles for which a "Zero-Volume Test" was recorded.
  - (iv) For the 24 percent Intra-BMC figure on page 15 of your testimony to be correct, the 64.5 percent figure cited above would have to have been 100 percent.

If you are unable to confirm any of the above, please explain fully.

- e. Please confirm that the 13 and 24 percent figures cited on lines 12-14 on page 15 of your testimony was based on a misunderstanding of what constitutes a "Zero-Volume Test", and do not correctly identify the percentage of TRACS samples within those categories for which there was no mail on the vehicle at the time of the test. If you cannot confirm, please explain fully.

## RESPONSE:

- a) Confirmed.
- b) Confirmed.
- c) Confirmed.
- d)
  - i) Confirm that 49.5% of the 222 Zero-Volume Test samples for Inter-BMC also show that the vehicle was 100% empty.
  - (ii) The 13% Inter-BMC figure on page 15 of my testimony is the percentage shown by USPS witness Xie in response to MPA/USPS-T1-5. TR 17/6768. The correct figure for my testimony is that 49.5% of the 13% are samplings where there was no mail on the vehicle at the time of the test.
  - (iii) Confirm that 64.5% of the 417 Zero-Volume Test samples for Intra-BMC also show that the vehicle was 100% empty.
  - (iv) The 24 percent Intra-BMC figure on page 15 of my testimony is the percentage shown by USPS witness Xie in response to MPA/USPS-T1-5. TR 17/6768. The correct figure for my testimony is that 64.5% of the 24% are samplings where there was no mail on the vehicle at the time of the test.
- (e) The 13 and 24 percent figures were based on the above cited response by witness Xie. I misunderstood that a "Zero-Volume Test" was one where there was no mail on the vehicle at the time of the sample. As witness Xie suggested, USPS-LR-I-52 was reviewed. The "0" unload column was examined and reflects that of the 13% Inter-BMC figure, only 49.5% of the 13% were samples taken where there was no mail on the vehicle at the time of the test, and that of the 24% Intra-BMC figure, only 64.5% of the 24% were samples taken where there was no mail on the vehicle at the time of the test.



**Magazine Publishers of America**

**Antoinette Crowder  
(MPA-T-5)**

# RESPONSE OF MPA WITNESS CROWDER TO QUESTIONS RAISED AT THE HEARING

At Tr. 16311-12, counsel for NAA requested a count of tallies for each of the tally combinations listed in witness Crowder's response to NAA/MPA-T5-1.

## RESPONSE:

The following is a count of the Point of Delivery tallies listed in the response to NAA/MPA-T5-1:

<b>Point of Delivery Location Load Tallies With Confused Codes</b>	
Finger @ Delivery (LLV detail and Dismount delivery type)	27
Travel b/t Delivery (LLV detail)	16
Parcel (walk flat detail)	4
Travel b/t Delivery (walk flat detail)	8
Travel b/t Delivery w/sort (walk flat detail)	2
Accountable (walking detail)	2
Travel b/t Delivery (#1 Box detail)	2
Walking (Central Inside detail)	2
Delivery/Collection (walking detail)	1
Walking (Central Outside detail)	2
Walking (walk flat detail)	1
No Access to Box (parking unavailable detail)	1
No Access to Box (#1 Box detail)	1
Travel b/t Delivery (Central Outside)	1
Accountable (walk flat detail)	2
No Access to Box (N/A detail)	1
Travel b/t Delivery (1 Hand Slam detail)	1
Hardship (LLV detail for Dismount delivery type)	1
No Access to Box (Central Inside detail)	1
Parcel (walking detail)	1
Travel b/t Delivery (Walk obstructed detail)	1
Travel b/t Delivery (Drop to customer detail)	1
No Access to Box (Multiple box type detail)	1
Delivery/Collect (LLV detail for Dismount delivery type)	1
Setup (LLV or Jeep detail for Park & Loop or Dismount delivery type)*	8
Finger@Delivery or Setup (LLV or Jeep detail for Central delivery type)*	5
<b>On Route Location Load Tallies With Confused Codes:</b>	
Delivery/Collection (walking detail)	1
Accountable (walk flat detail)	7
Finger @ Delivery (walk flat detail)	2
Parcel (walk flat detail)	52
Walking (walk flat detail)	5
Delivery/Collection (walk flat detail)	3

<b>Vehicle and Park Point Location Load Tallies With Confused Codes</b>	
Finger @ Delivery (LLV detail for Central delivery type)	5
Delivery/Collection (various detail codes for Dismount delivery type)	26
Delivery/Collection (for various detail codes for Park & Loop delivery type)	5
No Access to Box (#1 Box detail)*	1
Travel b/t Delivery (Drop to customer detail for Dismount delivery type)*	2
Finger @ Delivery (LLV detail for Dismount delivery type)*	30
* Additions to Original Response to NAA/MPA-T5-1	
Total	233

Since the above listing may not be complete, an additional tally count was made which indicates that 330 Load Tallies have a Vehicle or In Vehicle at Stop Location Code, 50 Load Tallies have a Travel, Walking, or No Access to Box Activity Code, and 223 Load Tallies have a Vehicle, Walking, Walk, Flat, Walk Obstructed Activity Detail Code.

The following is a count of the Load tallies by Location Code as listed in the original response to NAA/MPA-T5-4:

<b>Location Codes Assigned to Load Time</b>	
In Vehicle at Stop (Curb delivery code)	1
Miscellaneous (Curb and Dismount delivery codes)	2
N/A (N/A and Central delivery code)	2
On Route (all delivery codes except N/A)	190
Other Route (Curb delivery code)	3
Park Point (Park & Loop delivery code)	1
Point of Delivery (all delivery codes except N/A)	16046
Vehicle (all delivery codes except N/A)	329
TOTAL	16574

As explained in my testimony and my response to NAA/MPA-T5-1, the significance of these tallies goes beyond their number, as they are indicative of confusion and/or inconsistency by the data collectors about the meaning of the terms point of delivery and delivery/collect, and raise serious questions whether their interpretations of carrier activities are consistent with the postal costing definitions of these activities. The larger unquantifiable problem, with respect the far larger number of tallies that appear on their face to represent load activity, is the extent to which these

kinds of non-load activities were ignored or overlooked by the data collectors in recording activities near the delivery point as being at the delivery point, with the "Delivery/ Collect" and receptacle code entries masking the true activity.

**National Newspaper Association**

**Max Heath  
(NNA-T-1)**

**ADVO/NNA T1-1.** Please provide a copy of the survey of NNA member mail usage presented as an attachment to your testimony in Docket R97-1.

**RESPONSE:**

A copy is attached.

March, 1996

To: NNA Postal Committee, Tonda Rush & Larry Graves

From: Max Heath

Subject: NNA Member Mailing Practices Research

This is a report on last year's member mailing research. As you may remember, I made a release of the 1995 member research in my Postal Tips column during the heat of the reclassification rate case last year. These raw data will be used in the next rate case after they are converted to community newspaper industry-wide statistics.

Now that sweet victory is ours in MC-95-1 before the PRC, I wanted to dust off that research and share it more formally. We said all along it was not intended to support our opposition to reclassification, but to help shape future policies of the Postal Committee and NNA Board.

NNA survey returns by state show a good distribution from states with the most newspapers. All but Rhode Island were represented, even Hawaii and Guam.

Returns by frequency seem equally representative, including 639 weeklies, 90 semiweeklies, 17 triweeklies, and 122 dailies among the total of 868 usable surveys.

Note: This work was done as an in-kind donation to the Newspaper Alliance for Fair Postal Rates.

**NEWSPAPERS...PAID & FREE (Separate from TMC)**  
Total circulation was 7,165,804 from 868 papers (Average 8256)

Paid circulation was 5,902,445 from 864 papers (Average 6832)...83% of 7,136,769 (864 versus 868 reporting)

Free circulation was 1,234,324 from 541 papers (Average 2282)...17%

(Note: Numbers do not always add up due to incompleteness in reporting. I called many, many papers to try to resolve, but couldn't call all. I learned that most NNA members don't know with precision the details of their distribution.)

**DISTRIBUTION BY MAIL (2C/3C), CARRIER, SINGLE COPY**  
.837 papers report 2C mail totaling 2,558,346 (Average 3,057)...37% of 6,946,998 reporting details of delivery

291 papers report contract carrier totaling 2,749,291 (Average 9,448, reflecting larger size of carrier papers)...39%

23 papers report 3C mail totaling 52,668 (Average 2,291)...1%

797 papers report newsstand/rack sales totaling 1,586,672 (Average 1,991)...23%

**Conclusion:** While total numbers by carrier distribution are higher, due to larger size of (mostly) daily papers, NNA members (by titles) tend to be mailed by far better than 2-1.

**BREAKDOWN OF SECOND-CLASS (2C) MAIL** (2,527,030 copies reported)  
797 papers report in-county mail totaling 1,568,841 (average 1,968)...62% of 2C mail

809 papers report out-of-county mail totaling 767,334 (average 948)...30% of 2C mail

31 papers report requester copies totaling 190,855 (average 6157)...8% of 2C mail

Conclusion: While every paper has some out-of-county mail, in-county is nearly two-thirds of NNA-member copies. Requester is a minor portion, but could grow under sharply lower rates starting July 1, 1996.

**DELIVERY-UNIT ENTERED IN-COUNTY BREAKDOWN** (1,636,031 copies reported)  
687 papers reported DU-entry totaling 1,086,921 (average 1582)...66% of in-county mail

670 papers reported other entry totaling 549,110 (average 820)...34% of in-county mail

Conclusion: Members are doing pretty good with two-thirds of in-county mail DDU-entered. Some possible room for improvement.

**PLANT-VERIFIED DROP SHIPMENT/ADDITIONAL ENTRY BREAKDOWN** (125,861 copies reporting a method)

45 papers reported PVDS entry totaling 85,518 (average 1900)...68% of DU entry copies

45 papers reported Additional Entry totaling 40,343 (average 897)...32% of DU entry copies

Conclusion: A small segment, but 68% of reporting copies, uses PVDS. (NNA won a small-paper exception in 1991 that allows bypass of the verification for papers entered overnight when postal facilities closed.)

**IN-COUNTY SORTATION LEVEL BREAKDOWN** (1,498,403 copies reported)  
703 papers reported Carrier-Route sortation of 1,206,894 (average 1717)...81% of in-county copies

217 papers reported 125-Walk-Sequence sortation of 273,983 (average 1263)...18% of in-county copies

13 papers reported Saturation W/S sort of 17,526 copies (average 1348)...1% of in-county copies

Conclusion: Hard to know whether this is good, but I suspect some members have 125 pieces on routes that are not earning the renamed High Density rate. Carrier-route sort well used.

**AVERAGE WEIGHT OF SECOND CLASS PIECE**

790 papers reported the weight of an in-county piece, which averaged .3418 lb., or 5.5 oz.

803 papers reported the weight of an out-of-county piece, which averaged .2936 lb., or 4.7 ounces (no doubt lighter due to mailing fewer supplements outside the market).

Conclusion: Average member paper is in 4-6 ounce range.



**NON-SUBSCRIBER PRODUCTS...**

360 non-subscriber products were reported; 337 reported numbers totaling 4,437,961 copies (average 13,276)...344 were weekly frequency, with 15 semiweekly and one triweekly.

299 TMCs (89%) reported third class mail of 2,523,821 (average 8,441)...55% of total distribution reported

180 TMCs (53%) reported carrier delivery of 1,820,528 (average 10,114)...40% of total

127 TMCs (38%) reported rack/store distribution of 230,270 (average 1813)...5% of total

Note: Some TMCs use a combination of methods, explaining the percentages equalling much more than 100%.

Conclusion: More NNA members use mail (299/337, or 89% reporting) than carrier (180/337, or 53%) for TMC publications. Some, of course, use both, as well as rack/store copies.

**THIRD CLASS ENTRY BREAKDOWN**

240 mailed TMCs reported DDU entry of 1,646,804 (average 6862)...71% of 2,335,404

68 mailed TMCs reported SCF entry of 307,844 (average 4527)...13% of copies reported

146 mailed TMCs reported None (no discount) entry copies of 380,756 (average 2608)...16%

Conclusion: NNA members have responded to the deep discounts offered for DDU entry versus None Entry (minimum of 2.5 cents per piece under old rates, 2.3 cents minimum July 1, 1996) which also gains timely delivery. Some use SCF where it works better financially without delivery suffering.

**THIRD CLASS SORTATION LEVEL BREAKDOWN**

198 TMCs reported Saturation W/S copies of 1,599,713 (average 8,079)...70% of the 2,295,109 copies reporting breakdown

63 TMCs reported 125 W/S copies of 296,596 (4708 average)...13% of copies reporting

133 reported Carrier Route sortation of 398,800 (2998 average)...17% of copies reporting

Conclusion: NNA-member TMCs are heavily skewed toward full-coverage (Saturation) on another day of the week than their non-daily product, contrary to daily operation of TMCs as supplementary to a daily issue. Saturation mail is very important to NNA members.

**AVERAGE WEIGHT OF THIRD CLASS PIECE**

280 TMCs reported the weight of their publication, which averaged .2632 lb., or 4.2 ounces.

168 (60%) of the 280 TMCs weight were above the breakpoint of .2062 lb., or 3.3 ounces

112 (40%) of the 280 TMCs weight were below the breakpoint of .2062 lb., or 3.3 ounces

Conclusion: Majority of NNA-member TMCs are lighter-weight pieces which get full percentage drop (-5% Saturation, -6.06% High-Density) July 1, 1996.

Attached: July '95 Pub Aux version & Summary matrix of survey results

# NNA distribution survey results released

The National Newspaper Association's Postal Committee has achieved a long-sought goal: completion of a survey of members' distribution practices by mail, carrier and newsstands.

The need was for NNA staff and committees to understand the profile of its membership's distribution practices to better understand priorities and direction of its policies.

Delayed by lack of funding for years, the survey was completed in May following several months of work by NNA, me, and my staff. Landmark Community Newspapers, Inc. made the survey work an in-kind donation to the NNA Alliance for Fair Postage Rates.

Participation from NNA members was

7-3-95

**ATTENTION MEMBERS:**

**YOU'RE  
ENTITLED  
TO SOMETHING  
EXTRA  
FROM SPRINT**



Because of your membership with us, your business is entitled to an extra 5% off Sprint's competitive long-distance rates. So no matter which flexible Sprint business calling plan you choose, you'll receive an additional 5% over your every-

gratifying. Eight-hundred and sixty-eight valid surveys were processed and included; 639 were from weeklies, 90 semiweeklies; 17 tri-weeklies, and 122 dailies. They ranged from the very small to the very large in circulation.

Responses came from all states but Rhode Island. Massachusetts had the most individual titles, 70, many zoned editions. Minnesota contributed 48, Wisconsin 46, Texas 38, Iowa 35, New York 31, Missouri 30, Nebraska, New Jersey and Pennsylvania 27, Illinois 26, and Kansas 25.

Total circulation represented was almost 7.2 million copies, 5.9 million of that was paid, with more than 1.2 million free distribution.

Average circulation was 8,256. Average paid circulation was 6,832, free 2,282.

Two point six million copies were reported distributed by second class mail, 2.7 million copies by carrier delivery, 1.6 million by single copy, and 52,688 by third class (free newspapers).

However, 837 reported second class mail while only 291 carrier, 23 third class, indicating the carrier quantities are concentrated in a few larger titles.

Of second-class mail, 1.6 million copies were in-county, 767,334 out-of-county, and another 190,855 requester, 797 publication reported in-county mail, 809 out-of-county, and 31 requester. The breakdown is 62 percent in-county, 30 percent out-of-county, and 8 percent requester.

Of in-county mail, about 1.1 million copies were Delivery Unit entered, and 549,110 other entry. That's 66 percent DU.

Forty-five papers each reported DU entry by Plant-Verified Drop Shipment (85,518 copies, or 68 percent) or additional entry (40,343 copies).

Eighty-one percent of in-county mail (1.2 million copies) is carrier-route sorted, 18 percent is 125 Walk-Sequence sorted and 1 percent saturation.

The average reported weight of an in-county piece is .3418 pound (5.47 ounces), out-of-county piece .2936 pound (4.69 ounces).

## TMC delivery

Three-hundred-sixty newspapers reported non-subscriber TMC products with total circulation of nearly 4.5 million, or an average of more than 13,000. Most were weekly.

Third class mail (55 percent) was the most popular vehicle for TMC delivery with more than 2.5 million copies, compared to carrier delivery (40 percent) with a little more than 1.8 million copies. Another 230,270 were by

rack/store pickup (5 percent).

20563

Two-hundred-ninety-nine TMCs reported using third class mail, 180 carriers, 127 rack/store pickup.

Of the third class mail, 71 percent was entered at the Destination Delivery Unit, 13 percent at the SF, and 16 percent None Entry qualified.

Seventy percent was Saturation W/S, 13 percent was 125 Walk-Sequence, and 17 percent Carrier-Route sorted.

Average pound rate of a third class shopper was .2632 (4.21 ounces); 112 shoppers were below the 3.3 ounce (.2062 pound) weight break, 168 above.

## Statement on ad mail

My column on postal ad seminars and letters to Postal officials drew a pointed and appropriate response. John Wargo, vice president, sales on May 25 issued a policy statement on ad mail directed to sales

managers of the 10 postal areas "to circulate to all Postal representatives that deal with business customers."

"We continue to receive reports of Postal representatives degrading newspapers as an advertising medium when giving presentations during seminars, speeches and sales presentations for AdMail. When talking about advertising choices, do not speak ill of other media. This approach is inappropriate, wrong, and a bad business and sales practice. All media have advantages and produce results when used properly and in the right situation..."

Wargo's letter to me about this policy statement said, "This is a first step in resolving the issues you mentioned in your letter to Bill Henderson ... we will arrange a meeting to review the support materials and sales training program we are developing for our National and Premier Account representatives."

He sought my input about what the policy statement should say, and then had a draft read to me for approval prior to its release. One addition was made at my request.

NNA will continue to monitor sales and training efforts, and encourage all NNA members to do likewise. Please contact NNA's Larry Graves or me if you are aware of newspaper criticism by postal account reps.

Max Heath is chairman of the NNA Postal Committee, and one of two NNA representatives on the joint USPS-industry Mailers Technical Advisory Committee. He is a vice president of Landmark Community Newspaper, Inc., Box 549, Shelbyville, Ky. 40066.

## POSTAL TIPS By Max Heath



**ADVO/NNA T1-2.** Since the time of the survey of NNA member mail usage presented in Docket R97-1, have you or NNA conducted any updates or other surveys of NNA member mail usage by mail class or subclass? If so, please provide the survey information and results.

**RESPONSE:**

Please see USPS/NNA T2-1.

**Newspaper Association of America**

**Institutional**

USPS/NAA-1. Please refer to the supplemental response of the Newspaper Association of America to VP-CW/NAA-T1-11(c), filed on August 4, 2000.

- (a) Confirm that the attachment to this interrogatory represents the contents of the website <http://www.naa.org/marketscope/databank/nppvvolume.htm>.
- (b) If subpart (a) is confirmed, attach a copy of the attachment to this interrogatory to the response to this interrogatory.
- (c) If subpart (a) is not confirmed, attach a correct copy of the website page (referenced in the supplemental response to VP-CW/NAA-T1-11(c)) to the response to this interrogatory.
- (d) Define the following in the chart:
  - (i) Total Retail
  - (ii) Total Retail Sunday
  - (iii) Total Retail Daily
  - (iv) Total National
  - (v) Total National Sunday
  - (vi) Total National Daily
  - (vii) Grand Total
  - (viii) Grand Total Sunday
  - (ix) Grand Total Daily
  - (x) Full Run
  - (xi) Partial Run

### **RESPONSE**

- (a) Confirmed
- (b) Done
- (c) N/A
- (d) The NAA survey did not define these terms. Nor is there any formal industry definition. Accordingly, in responding to our survey, each newspaper defines these terms as it sees fit, and does not provide the definition that it uses to NAA.

Generally speaking, however, retail advertising is advertising from stores located in the local market. Generally speaking, national advertising is advertising received from national manufacturers.

With this in mind, the definitions for the Newspaper Preprint Insert Volume Table (<http://www.naa.org/marketscope/databank/nppvvolume.htm>) are as follows:

- (i) Total Retail is the projected number of insert pieces in U.S. daily and Sunday newspapers for the calendar year defined as retail by the newspapers in the survey sample.
- (ii) Total Retail Sunday is the projected number of insert pieces in U.S. Sunday newspapers for the calendar year defined as retail by the newspapers in the survey sample.
- (iii) Total Retail Daily is the projected number of insert pieces in U.S. daily newspapers for the calendar year defined as retail by the newspapers in the survey sample.
- (iv) Total National is the projected number of insert pieces in U.S. daily and Sunday newspapers for the calendar year defined as national by the newspapers in the survey sample.
- (v) Total National Sunday is the projected number of insert pieces in U.S. Sunday newspapers for the calendar year defined as national by the newspapers in the survey sample.

- (vi) **Total National Daily** is the projected number of insert pieces in U.S. daily newspapers for the calendar year defined as national by the newspapers in the survey sample.
- (vii) **Grand Total** is the projected number of insert pieces in U.S. daily and Sunday newspapers for the calendar year which includes *Retail and National, daily and Sunday*.
- (viii) **Grand Total Sunday** is the projected number of insert pieces in U.S. Sunday newspapers for the calendar year which includes *Retail plus National for Sunday newspapers*.
- (ix) **Grand Total Daily** is the projected number of insert pieces in U.S. daily newspapers for the calendar year which includes *Retail plus National for daily newspapers*.
- (x) **Full Run** is the projected number of insert pieces in U.S. daily and Sunday which run in all zones distributed by the newspapers in the survey sample.
- (xi) **Partial Run** is the projected number of insert pieces in U.S. daily and Sunday which are distributed only in a subset of all the zones by the newspapers in the survey sample.

USPS/NAA-1 Attachment 1

Newspaper Preprint Insert Volume Estimates							
U.S. Daily Newspapers							
Projected Circulation (In Billions)							
Year		Full Run	% change	Partial Run	% change	Total	% change
1997	Total Retail	38.966	2.53	43.035	4.57	82.000	3.59
	Sunday	22.313	6.07	25.537	6.60	47.851	6.35
	Daily	16.653	-1.86	17.497	1.74	34.150	-0.04
	Total National	6.597	-3.07	1.399	0.32	7.996	-2.50
	Sunday	5.798	-4.00	0.695	-5.35	6.493	-4.15
	Daily	0.799	-4.27	0.704	6.63	1.503	5.36
	Grand Total	45.563	1.68	44.433	4.43	89.996	3.02
	Sunday	28.111	3.82	26.232	6.24	54.344	4.98
	Daily	17.452	-1.59	18.201	1.93	35.653	0.17
1996	Total Retail	38.004	-0.92	41.154	4.37	79.158	1.76
	Sunday	21.036	-0.74	23.957	3.47	44.993	1.46
	Daily	16.968	-1.15	17.197	5.66	34.165	2.16
	Total National	6.806	-8.23	1.394	21.87	8.200	-4.21
	Sunday	6.040	-9.37	0.734	20.83	6.774	-6.85
	Daily	0.766	1.82	0.660	23.04	1.426	10.65
	Grand Total	44.810	-2.11	42.548	4.87	87.358	1.17
	Sunday	27.076	-2.80	24.691	3.91	51.767	0.29
	Daily	17.734	-1.03	17.857	6.21	35.591	2.48
1995	Total Retail	38.358	0.37	39.429	6.44	77.788	3.36
	Sunday	21.193	1.20	23.153	5.94	44.346	3.62
	Daily	17.165	-0.63	16.276	7.17	33.441	3.02
	Total National	7.417	-15.13	1.144	9.91	8.561	-12.46
	Sunday	6.664	-16.81	0.608	4.59	7.272	-15.36
	Daily	0.753	3.37	0.536	16.62	1.269	8.50
	Grand Total	45.775	-2.51	40.573	6.54	86.349	1.54
	Sunday	27.858	-3.78	23.761	5.91	51.619	0.45
	Daily	17.918	-0.47	16.812	7.45	34.73	3.21
1994	Total Retail	38.216	-4.46	37.042	15.45	72.258	4.40
	Sunday	20.942	0.63	21.855	16.83	42.797	8.30
	Daily	17.274	-9.98	15.187	13.53	32.461	-0.33
	Total National	8.739	-11.41	1.041	28.29	9.780	-8.78



	Sunday	8.011	-11.86	0.581	42.05	8.592	-9.54
	Daily	0.728	-6.00	0.460	58.34	1.188	11.55
	Grand Total	46.955	-5.84	38.083	16.16	85.038	2.89
	Sunday	28.953	-3.17	22.436	17.37	51.389	4.84
	Daily	18.002	-9.83	15.647	14.48	33.649	0.05
1993	Total Retail	40.002	1.05	32.084	9.76	72.086	4.75
	Sunday	20.812	-4.45	18.707	17.14	39.518	4.68
	Daily	19.190	7.79	13.377	0.88	32.568	4.84
	Total National	9.864	9.80	0.700	2.67	10.564	9.30
	Sunday	9.089	10.95	0.409	-8.74	9.498	9.93
	Daily	0.775	-2.10	0.291	24.61	1.065	4.84
	Grand Total	49.866	2.67	32.784	9.60	82.650	5.31
	Sunday	29.901	-0.24	19.116	16.43	49.017	5.66
	Daily	19.965	7.37	13.668	1.29	33.633	4.81
1992	Total Retail	39.585	6.88	29.231	13.16	68.815	9.46
	Sunday	21.781	25.96	15.970	26.78	37.751	26.30
	Daily	17.804	-9.83	13.261	0.20	31.064	-5.81
	Total National	8.984	13.29	0.682	-14.00	9.665	10.80
	Sunday	8.192	15.01	0.449	-18.81	8.641	12.57
	Daily	0.791	-1.98	0.233	-2.92	1.025	-2.10
	Grand Total	48.568	8.01	29.912	12.35	78.481	9.62
	Sunday	29.973	22.76	16.418	24.85	46.392	23.50
	Daily	18.595	-9.52	13.494	0.14	32.089	-5.70
1991	Total Retail	37.037	10.58	25.832	14.57	62.869	12.19
	Sunday	17.292	-3.54	12.597	8.71	29.889	1.27
	Daily	19.745	26.85	13.235	20.78	32.98	24.34
	Total National	7.930	3.47	0.793	24.29	8.723	5.07
	Sunday	7.123	0.04	0.553	20.48	7.676	1.28
	Daily	0.807	48.35	0.240	34.08	1.047	44.81
	Grand Total	44.967	9.26	26.625	14.84	71.592	11.27
	Sunday	24.415	-2.52	13.150	9.16	37.565	1.27
	Daily	20.552	27.57	13.475	20.99	34.027	24.88
1990	Total Retail	33.493	10.40	22.548	4.13	56.039	7.79
	Sunday	17.927	15.50	11.588	-0.57	29.515	8.61
	Daily	15.566	5.05	10.958	9.62	26.524	6.89
	Total National	7.664	15.46	0.638	-43.54	8.302	6.87
	Sunday	7.12	13.63	0.459	-47.06	7.579	6.25
	Daily	0.544	46.24	0.179	-31.94	0.723	13.86
	Grand Total	41.157	11.30	23.184	1.77	64.341	7.67

	Sunday	25.047	14.96	12.047	-3.79	37.094	8.12
	Daily	16.11	6.06	11.137	8.56	27.247	7.07
1989	Total Retail	30.339	8.91	21.651	5.80	51.99	7.59
	Sunday	15.521	9.21	11.655	3.90	27.176	6.87
	Daily	14.818	8.59	9.996	8.10	24.814	8.39
	Total National	6.638	-3.85	1.13	-5.44	7.768	-4.17
	Sunday	6.266	-3.98	0.867	-18.44	7.133	-6.01
	Daily	0.372	-3.38	0.263	99.24	0.635	22.82
	Grand Total	36.977	6.35	22.781	5.18	59.758	5.90
	Sunday	21.787	5.06	12.522	1.97	34.309	3.91
	Daily	15.19	8.26	10.259	9.38	25.449	8.71
1988	Total Retail	27.858	-3.29	20.464	31.20	48.322	1.94
	Sunday	14.212	5.93	11.217	15.44	25.429	9.92
	Daily	13.646	-11.32	9.247	4.12	22.893	-5.67
	Total National	6.911	10.12	1.195	8.74	8.106	9.91
	Sunday	6.526	10.65	1.063	10.16	7.589	10.58
	Daily	0.385	1.85	0.132	-1.49	0.517	0.98
	Grand Total	34.769	-0.89	21.659	9.96	56.428	3.01
	Sunday	20.736	7.37	12.280	14.96	33.018	10.07
	Daily	14.031	-11.00	9.379	4.04	23.410	-5.53
1987	Total Retail	28.805	7.33	15.598	-5.08	47.403	9.55
	Sunday	13.417	0.19	9.717	5.22	23.134	2.24
	Daily	15.388	14.45	8.881	23.38	24.269	17.57
	Total National	6.276	-9.89	1.099	-13.33	7.375	-10.42
	Sunday	5.898	-6.87	0.965	-7.48	6.863	-6.95
	Daily	0.378	-40.19	0.134	-40.44	0.512	-40.26
	Grand Total	35.081	3.78	19.697	11.28	54.778	6.36
	Sunday	19.315	-2.08	10.682	3.93	29.997	-0.02
	Daily	15.766	12.00	9.015	21.45	24.781	15.26
1986	Total Retail	26.837	7.13	18.433	20.75	43.27	11.92
	Sunday	13.392	9.46	9.235	27.06	22.627	16.02
	Daily	13.445	4.90	7.198	13.52	20.643	7.75
	Total National	6.965	23.01	1.268	20.08	8.233	22.55
	Sunday	6.333	42.54	1.043	31.53	7.376	40.87
	Daily	0.632	-48.15	0.225	-14.45	0.857	-42.17
	Grand Total	33.802	10.05	17.701	20.70	51.503	13.50
	Sunday	19.725	18.27	10.278	27.50	30.003	21.28
	Daily	14.077	0.29	7.423	12.40	21.500	4.17

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1985	Total Retail	25.052	8.46	13.609	13.02	38.661	10.02
	Sunday	12.235	5.17	7.268	1.54	19.503	3.78
	Daily	12.817	11.80	6.341	29.86	19.158	17.20
	Total National	5.662	7.07	1.056	26.01	6.718	9.66
	Sunday	4.443	2.97	0.793	14.27	5.236	4.53
	Daily	1.219	25.28	0.263	82.64	1.482	32.68
	Grand Total	30.714	8.20	14.665	13.87	45.379	9.97
	Sunday	16.678	4.57	8.061	2.66	24.739	3.94
	Daily	14.036	12.86	6.604	31.37	20.64	18.19
1984	Total Retail	23.098	10.15	12.041	27.86	35.139	15.64
	Sunday	11.634	15.21	7.158	45.22	18.792	25.05
	Daily	11.464	5.45	4.883	8.80	16.347	6.43
	Total National	5.288	18.06	0.838	-2.67	6.126	14.72
	Sunday	4.315	22.69	0.694	-4.01	5.009	18.14
	Daily	0.973	1.14	0.144	4.35	1.117	1.55
	Grand Total	28.386	11.54	12.879	25.31	41.265	15.50
	Sunday	15.949	17.14	7.852	38.92	23.801	23.53
	Daily	12.437	5.10	5.027	8.67	17.464	6.10
1983	Total Retail	20.970	18.48	9.417	20.89	30.387	19.20
	Sunday	10.098	25.38	4.929	37.41	15.027	29.09
	Daily	10.872	12.67	4.488	6.78	15.360	10.89
	Total National	4.479	19.70	0.861	17.78	5.340	19.38
	Sunday	3.517	1.91	0.723	6.79	4.240	2.71
	Daily	0.962	230.58	0.138	155.56	1.100	218.84
	Grand Total	25.449	18.67	10.278	20.62	35.727	19.23
	Sunday	13.615	18.34	5.652	32.55	19.267	22.18
	Daily	11.834	19.05	4.626	8.67	16.460	15.94
1982	Total Retail	17.703	n/a	7.790	n/a	25.493	n/a
	Sunday	8.054	n/a	3.587	n/a	11.641	n/a
	Daily	9.649	n/a	4.203	n/a	13.852	n/a
	Total National	3.742	n/a	0.731	n/a	4.473	n/a
	Sunday	3.451	n/a	0.677	n/a	4.128	n/a
	Daily	0.291	n/a	0.054	n/a	0.345	n/a
	Grand Total	21.448	n/a	8.521	n/a	29.966	n/a
	Sunday	11.505	n/a	4.264	n/a	15.769	n/a
	Daily	9.94	n/a	4.257	n/a	14.197	n/a

Last Update: 11/99

Questions or comments, e-mail: [robem@naa.org](mailto:robem@naa.org)

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USPS/NAA-2. Please refer to the supplemental institutional response to VP-CW/NAA-T1-11(c) filed on August 4, 2000.

- (a) Who within NAA made the decision to discard data for 1998? Identify by name and title, and provide all of the reasons why the 1998 data were discarded.
- (b) Provide the 1998 data for preprint inserts.
- (c) Explain why data for *inserts* are not available for 1999 and 1998, yet quarterly newspaper advertising expenditures for these years have been published.
- (d) State whether quarterly newspaper advertising expenditure data is collected separately from information about insert volumes.
- (e) Confirm that quarterly newspaper advertising expenditures for 1998, 1999, and 2000 1(p) are available through the NAA's website at <http://www.naa.org/marketscope/Quarterly Totals-new.htm>. If not confirmed, please provide the correct website address for quarterly newspaper advertising expenditures.
- (f) Confirm that Attachment 1 to this interrogatory contains an accurate summary of the NAA's information on quarterly newspaper advertising expenditures. If not confirmed, state what Attachment 1 contains.
- (g) If subpart (f) is confirmed, attach a copy of Attachment 1 to this response.
- (h) If subpart (f) is not confirmed, provide the correct copy of quarterly newspaper advertising expenditures on the NAA website.
- (i) Confirm the authenticity of the NAA press release, which is marked as Attachment 2 to this response.

#### **RESPONSE**

- (a) The 1998 data were incomplete and therefore unusable for reliable projections for the 1998 calendar year. The number of responding newspapers were approximately 100 fewer than the level that NAA believes is necessary for a reasonable projection. In addition, a number of the newspapers that did respond did not answer all of the questions on

the survey. These omissions would further have impaired the development of a reasonable estimate. Accordingly they were not found suitable as a basis for projecting the estimated volumes, although they were not physically destroyed.

Instead of sending an additional mailing, NAA decided that the best way to receive improved responses would be to gather data for a representative sample of newspapers for the calendar year 1998 during the annual effort gather 1999 data. That survey was conducted throughout the spring and summer of 2000 and will be available by September, 2000.

This decision was made by James Conaghan, Vice President, Market & Business Analysis, NAA.

- (b) Objection filed.
- (c) Insert piece volume data is gathered only annually via a specific survey instrument. In contrast, quarterly data on advertising expenditures is gathered via a different, quarterly survey in which preprint data is already lumped into the appropriate retail and national categories by the survey respondents, and is not identified separately by the respondents.
- (d) See (c) above.
- (e) Quarterly newspaper ad expenditure data is available at <http://www.naa.org/marketscope/QuarterlyTotals-new.htm>.
- (f) Confirmed.

- (g) Done.
- (h) Not applicable
- (i) Confirmed. Note that by far the slowest rate of growth (0.5 percent) reported in the press release was for retail advertising, for which saturation mailers compete more directly with newspapers.

QUARTERLY NEWSPAPER ADVERTISING EXPENDITURES									
		NATIONAL		RETAIL		CLASSIFIED		TOTAL	
Year	Quarter	\$Millions	%Change	\$Millions	%Change	\$Millions	%Change	\$Millions	%Change
2000	1(p)	1,821.930	18.7%	4,809.030	0.5%	4,386.880	6.7%	10,817.840	5.7%
	2(p)								
	3(p)								
	4(p)								
1999	1(p)	1,534.90	12.80%	4,588.10	4.50%	4,111.40	3.80%	10,232.40	5.40%
	2(p)	1,782.35	17.40%	5,106.80	1.80%	4,443.97	4.00%	11,343.11	4.80%
	3(p)	1,624.38	17.90%	5,096.88	2.90%	4,800.11	4.50%	11,321.38	5.50%
	4(p)	1,780.40	22.50%	6,117.10	2.42%	5,484.04	4.95%	13,391.54	5.77%
1998	1	1,383.00	10.20%	4,388.90	4.90%	3,958.80	10.60%	9,712.63	7.90%
	2	1,526.70	8.70%	5,018.50	6.80%	4,275.10	7.00%	10,818.33	7.10%
	3	1,378.00	8.20%	4,981.80	5.60%	4,403.70	5.60%	10,733.54	5.70%
	4	1,453.40	5.70%	5,972.70	5.30%	5,234.90	4.10%	12,660.82	4.90%
1997	1	1,236.70	12.20%	4,184.20	5.80%	3,579.60	10.50%	9,000.44	8.40%
	2	1,404.60	13.90%	4,898.30	4.70%	3,985.10	12.60%	10,098.00	9.50%
	3	1,297.30	12.90%	4,888.50	5.90%	4,170.40	10.80%	10,157.31	8.80%
	4	1,375.60	16.20%	5,670.50	3.80%	5,027.70	11.50%	12,073.85	8.20%
1996	1	1,101.80	7.00%	3,980.70	0.40%	3,240.80	10.00%	8,303.27	4.80%
	2	1,232.80	6.50%	4,486.30	0.50%	3,550.10	9.70%	9,269.12	4.70%
	3	1,148.70	18.00%	4,426.60	3.50%	3,783.50	10.70%	9,338.78	7.90%
	4	1,183.40	8.50%	5,470.40	1.10%	4,510.30	8.50%	11,163.98	4.70%
1995	1	1,029.80	2.70%	3,945.00	4.40%	2,946.90	13.10%	7,821.68	7.30%
	2	1,157.20	3.60%	4,484.20	4.10%	3,235.40	8.30%	8,856.78	5.50%
	3	973.5	-0.80%	4,278.90	0.50%	3,400.60	8.70%	8,652.95	3.40%
	4	1,080.60	3.80%	5,411.40	4.80%	4,158.70	11.20%	10,660.72	7.00%
1994	1	1,003.20	8.20%	3,777.60	3.50%	2,804.60	9.10%	7,385.43	6.10%
	2	1,117.10	4.80%	4,287.00	2.20%	2,988.70	12.30%	8,382.78	5.90%
	3	979	10.80%	4,258.90	4.90%	3,129.40	12.30%	8,367.25	8.20%
	4	1,060.20	7.70%	5,172.20	4.40%	3,741.40	12.60%	9,963.78	7.70%
1993	1	927.4	-3.10%	3,648.40	6.90%	2,387.20	4.90%	6,983.00	4.80%
	2	1,066.10	0.00%	4,183.80	3.40%	2,861.80	1.50%	7,821.79	2.30%
	3	883.9	-3.30%	4,061.80	5.80%	2,786.00	3.10%	7,731.61	3.60%
	4	978.4	8.90%	4,955.00	4.90%	3,322.30	5.10%	9,252.91	5.30%
1992	1	956.9	0.00%	3,412.40	-2.70%	2,276.00	0.90%	6,645.31	-1.10%



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	2	1,066.50	0.10%	4,055.40	0.30%	2,623.30	2.30%	7,745.16	0.90%
	3	914.4	-2.20%	3,848.00	1.70%	2,702.20	0.70%	7,484.63	0.90%
	4	896.9	-7.40%	4,725.60	4.90%	3,162.10	2.60%	8,783.69	2.70%
1991	1	958.5	-0.80%	3,507.60	-8.40%	2,256.50	-9.40%	6,720.58	-7.80%
	2	1,065.10	-1.90%	4,041.80	-7.60%	2,565.30	-9.70%	7,672.28	-7.60%
	3	934.8	-2.50%	3,782.30	-6.80%	2,684.30	-8.90%	7,401.35	-6.60%
	4	967.2	-13.20%	4,507.00	1.70%	3,080.50	-4.50%	8,554.74	-2.50%
1990	1	963.9	7.90%	3,830.20	6.00%	2,481.80	-11.30%	7,265.82	-0.40%
	2	1,088.70	44.70%	4,373.80	-3.20%	2,841.30	-5.40%	8,300.60	0.40%
	3	958.6	27.40%	4,016.80	1.10%	2,947.20	-5.00%	7,822.68	1.20%
	4	1,114.00	32.40%	4,431.30	-7.30%	3,228.10	-3.10%	8,771.44	-2.00%
1989	1	894.5	1.70%	3,811.70	4.80%	2,810.40	2.40%	7,316.55	3.50%
	2	780.1	-18.40%	4,518.30	16.00%	3,002.80	-5.20%	8,270.83	3.60%
	3	752.6	-13.20%	3,972.20	6.20%	3,103.90	3.00%	7,828.74	2.70%
	4	841.3	-8.50%	4,782.50	0.50%	3,328.10	17.00%	8,961.86	5.10%
1988	1	879.2	6.00%	3,447.80	4.80%	2,745.30	10.80%	7,072.03	7.10%
	2	919.5	-2.20%	3,884.90	1.70%	3,168.00	12.80%	7,982.28	5.30%
	3	867.3	4.50%	3,741.20	4.40%	3,014.40	6.80%	7,822.62	5.30%
	4	919.8	2.90%	4,736.40	5.20%	2,843.80	10.20%	8,519.85	6.60%
1987	1	829.7	2.20%	3,294.80	8.30%	2,478.80	16.40%	6,803.32	10.40%
	2	940.2	3.70%	3,828.50	7.90%	2,808.40	15.60%	7,578.07	10.00%
	3	830.3	6.50%	3,583.70	6.90%	2,823.00	15.10%	7,236.99	10.20%
	4	983.9	0.30%	4,519.80	3.40%	2,579.90	12.60%	7,993.35	5.90%
1986	1	812	1.30%	3,041.30	1.40%	2,129.80	8.10%	5,983.04	3.70%
	2	907	6.80%	3,548.30	7.80%	2,430.30	10.10%	6,886.07	6.50%
	3	768.3	0.80%	3,352.60	7.00%	2,481.80	11.90%	6,566.71	7.90%
	4	891.3	-6.20%	4,389.10	8.70%	2,290.20	14.10%	7,560.53	8.40%
1985	1	801.3	12.80%	2,988.70	7.90%	1,889.50	14.20%	5,789.47	10.70%
	2	849.5	7.20%	3,280.60	1.00%	2,207.00	9.80%	6,347.05	4.70%
	3	780.9	8.80%	3,134.50	4.30%	2,191.80	7.30%	6,086.94	5.90%
	4	940.3	6.80%	4,019.10	7.40%	2,007.60	6.80%	6,966.96	7.20%
1984	1	710.1	7.90%	2,779.40	10.40%	1,724.20	32.10%	5,213.68	16.40%
	2	782.3	11.70%	3,258.80	11.80%	2,008.80	31.70%	6,080.62	17.70%
	3	698.6	15.60%	3,004.80	7.70%	2,043.30	28.20%	5,747.78	15.20%
	4	679.4	-16.80%	3,741.00	3.40%	1,860.10	16.90%	6,500.56	9.00%
1983	1	657.9	6.50%	2,516.30	13.00%	1,305.70	16.70%	4,480.16	13.00%
	2	708.6	6.00%	2,815.40	10.90%	1,525.80	24.30%	5,150.69	13.80%
	3	805.4	21.70%	2,789.90	15.10%	1,583.60	26.40%	4,988.91	19.30%
	4	780.9	14.00%	3,619.50	16.30%	1,581.30	27.10%	5,961.77	16.70%

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1982	1	617.8	13.20%	2,226.30	11.40%	1,119.20	2.80%	3,963.19	9.10%
	2	669.5	8.30%	2,628.60	8.50%	1,227.80	2.90%	4,525.97	5.90%
	3	497.4	-2.40%	2,423.80	4.50%	1,261.10	3.90%	4,182.44	3.40%
	4	667.2	13.00%	3,110.90	7.30%	1,243.80	14.40%	5,021.82	9.70%
1981	1	545.7	21.30%	1,998.40	11.30%	1,089.10	9.10%	3,833.12	12.00%
	2	612.4	20.50%	2,467.40	20.20%	1,193.40	14.80%	4,273.14	18.70%
	3	509.8	12.30%	2,320.80	11.40%	1,213.80	10.50%	4,044.21	11.20%
	4	590.5	7.10%	2,898.80	8.40%	1,087.20	0.20%	4,577.29	8.20%
1980	1	449.8	17.00%	1,786.20	14.20%	998.6	9.60%	3,244.86	13.10%
	2	506.1	13.00%	2,053.30	8.50%	1,039.80	-4.00%	3,601.27	5.10%
	3	453.8	6.30%	2,083.30	6.60%	1,088.80	-4.90%	3,636.04	2.80%
	4	551.2	8.30%	2,678.10	10.30%	1,084.70	-1.20%	4,312.03	6.90%
1979	1	384.3	13.20%	1,572.30	9.40%	811	21.90%	2,867.71	13.80%
	2	449.8	9.90%	1,693.00	8.90%	1,083.80	13.90%	3,428.31	10.80%
	3	426.8	25.10%	1,964.30	18.40%	1,155.80	18.50%	3,536.67	18.10%
	4	509.1	12.90%	2,425.40	11.80%	1,097.80	12.60%	4,032.30	12.10%
1978	1	339.4	7.80%	1,437.00	13.50%	747.6	19.50%	2,524.05	14.40%
	2	409.3	8.50%	1,737.80	15.10%	851.4	21.20%	3,088.31	16.00%
	3	341.3	-1.80%	1,878.40	11.70%	975	20.00%	2,994.89	12.50%
	4	451	4.20%	2,189.90	10.80%	975	19.80%	3,586.84	12.00%
1977	1	314.8	8.70%	1,266.80	8.20%	625.7	13.00%	2,207.16	9.50%
	2	377.2	11.20%	1,509.70	9.20%	784.8	16.70%	2,671.80	11.60%
	3	347	11.60%	1,502.30	9.80%	812.8	17.50%	2,681.87	12.30%
	4	433	7.60%	1,962.50	12.30%	814.9	18.00%	3,210.38	13.00%
1976	1	289.8	17.40%	1,170.10	12.80%	553.8	17.80%	2,013.43	14.70%
	2	339.1	18.10%	1,382.70	13.50%	672.5	22.50%	2,394.29	16.50%
	3	310.8	27.30%	1,367.90	15.00%	681.3	22.40%	2,368.96	18.80%
	4	402.8	21.70%	1,747.30	14.90%	690.4	20.20%	2,840.33	17.10%
1975	1	246.7	2.00%	1,037.30	7.20%	470.6	-2.30%	1,764.70	3.80%
	2	267.2	-1.40%	1,218.70	8.20%	549	-6.20%	2,064.97	2.60%
	3	244.2	-4.30%	1,189.80	7.90%	564.8	-2.90%	1,998.46	3.10%
	4	330.9	4.60%	1,520.50	11.30%	574.4	8.30%	2,425.87	9.90%
1974	1	241.9	4.60%	967.8	8.90%	481.4	1.30%	1,691.20	6.00%
	2	281.4	3.80%	1,128.70	8.80%	585.5	2.00%	2,003.69	4.40%
	3	266.3	3.70%	1,102.30	5.70%	581.5	-0.60%	1,839.11	3.50%
	4	316.4	8.80%	1,366.20	9.40%	525.5	-4.90%	2,208.01	5.50%
1973	1	231.2	1.70%	888.4	5.40%	475.4	17.20%	1,595.01	8.10%

	2	280.7	0.70%	1,085.10	9.50%	574	16.70%	1,919.89	10.10%
	3	246.2	1.80%	1,042.70	9.90%	585.1	12.80%	1,674.02	9.60%
	4	290.8	-7.40%	1,248.70	4.10%	552.5	11.20%	2,082.08	4.10%
1972	1	227.3	11.90%	843.2	12.20%	405.7	15.40%	1,476.09	13.00%
	2	278.7	4.10%	972.71	1.40%	491.8	16.60%	1,743.18	11.60%
	3	241.9	7.40%	948.71	0.60%	518.9	18.20%	1,709.45	12.30%
	4	314.2	13.80%	1,199.50	10.80%	496.7	18.90%	2,010.28	13.20%
1971	1	203.2	1.80%	751.3	5.20%	351.5	-4.30%	1,305.88	1.90%
	2	267.5	9.40%	873.2	5.60%	421.7	3.20%	1,562.48	5.60%
	3	225.2	14.20%	858	8.30%	439.1	11.50%	1,522.35	10.00%
	4	276	10.50%	1,082.60	13.00%	417.7	19.00%	1,776.28	13.90%

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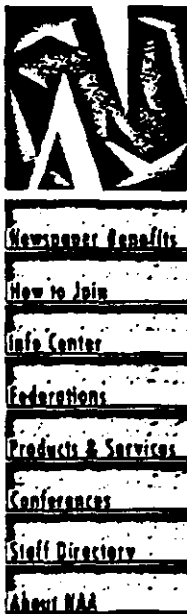
(p): Preliminary estimates

Last Update: June 2000

Source: Market and Business Analysis, NAA

Email: [robam@naa.org](mailto:robam@naa.org)**Return to the MarketScope Home Page**

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USPS / NAA - 2 20581  
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## About NAA

### Ad Spending In Newspapers Up 5.7 Percent In 1st Quarter 2000

*Up 18.7 percent, national advertising has largest quarterly percentage*

#### NEWS RELEASE

Debra Gersh Hernandez  
Director of Public Relations (703) 902-1737  
E-mail: [gersh@naa.org](mailto:gersh@naa.org)

Vienna, Va. - Newspaper advertising expenditures for the first quarter of 2000 totaled \$10.8 billion, an increase of 5.7 percent over the same period last year, according to the Newspaper Association of America.

National advertising continued to surge in the first quarter, with a gain of 18.7 percent, reaching \$1.8 billion, its largest quarterly percentage gain since 1983. First-quarter numbers show retail up 0.5 percent to \$4.6 billion and classified up 6.7 percent to \$4.4 billion ([see attached table](#)).

"The continuing and phenomenal growth in national advertising this year is a strong testimonial to advertisers' faith in the selling power and brand-building of newspapers," said NAA President and CEO John F. Sturm. "Newspapers are working hard to become easier to do business with, and our progress is evidenced in these numbers."

Within the classified category in the first quarter, automotive was \$1.1 billion, up 7.6 percent over the same time period last year; real-estate advertising dipped 4 percent to \$667 million; recruitment grew 11.7 percent to \$2 billion; and all other classified ads gained 1.7 percent to \$556 million.

"The jump in recruitment advertising growth this quarter is another demonstration of this

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industry's strength," said NAA Vice President/Market and Business Analysis Jim Conaghan. "Despite speculation about the impact of the Internet in this volatile category, the printed newspaper continues to be the central marketplace for recruitment advertisers."

NAA is a nonprofit organization representing the \$57-billion newspaper industry and more than 2,000 newspapers in the U.S. and Canada. Most NAA members are daily newspapers, accounting for 87 percent of the U.S. daily circulation. Headquartered in Tysons Corner (Vienna, Va.), the Association focuses on six key strategic priorities that affect the newspaper industry collectively: marketing, public policy, diversity, industry development, newspaper operations and readership (added February 1999). Information about NAA and the industry may also be found at the Association's World Wide Web site on the Internet ([www.naa.org](http://www.naa.org)).

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SUPPLEMENTAL RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA TO  
INTERROGATORY OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP-CW/NAA-T1-11.

Please refer to your testimony at page 45, lines 17-18, where you state that "Witness Tolley's testimony shows that the shift in volume from the private sector to ECR has been significant."

- c. Please provide all information at your disposal concerning the volume of inserts carried by (i) newspapers who are members of NAA, or (ii) newspapers generally over the past four years, and indicate the source.

RESPONSE:

- (c) The only information responsive to this request at the disposal of the Newspaper Association of America is posted on its website at:  
<<http://www.naa.org/marketscope/databank/nppvvolume.htm>>. This page is found by going to the NAA web site (naa.org), clicking on "Marketscope," then "Marketdatabank," then "newspaper preprint insert volume". This data is based upon a NAA surveys of all daily newspapers, and consist of estimated figures extrapolated from the responses that were received.

The data presented is labeled "Newspaper Preprint Insert Volume Estimates." These estimates are for preprints delivered as part of the daily newspaper and include full run and partial run preprints. The data does not include preprints delivered to non-subscribers of the newspaper.

The latest year for which data is posted is 1997. Data was collected for 1998, but the size of the return did not allow for extrapolation and the data was discarded. as unreliable. Accordingly, the survey for 1999 data also collected data for 1998. This data is being processed and will be put on the

**SUPPLEMENTAL RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA TO  
INTERROGATORY OF VAL-PAK AND CAROL WRIGHT PROMOTIONS**

website at the above URL when processing is completed. NAA currently  
expects the data to be posted sometime in September 2000.

**Newspaper Association of America**

**William B. Tye  
(NAA-T-1)**



RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA WITNESS TYE  
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE

USPS/NAA-T1-13. You note on page 18 that "equalizing these cost coverages [for Standard Mail (A) Regular] would require, *ceteris paribus*, an increase in the Regular pound rate." (footnote omitted)

- a) Does NAA support the concept of narrowing the difference in the implicit cost coverages for pound-rated and piece-rated pieces in Standard Mail (A)? In the Standard Mail (A) Regular Subclass? In the ECR subclass? Please explain.
- b) Does NAA favor an increase, decrease, or no change in the Regular subclass pound rate? Please explain.
- c) Does NAA favor an increase, decrease, or no change in the Nonprofit subclass pound rate? Please explain.
- d) Does NAA favor an increase, decrease, or no change in the Nonprofit ECR subclass pound rate? Please explain.

RESPONSE:

(a-d) To my knowledge, NAA has not taken a position on the pound rate for

Standard A subclasses other than ECR. Given the quality of the data offered in support of the reduction of the pound rate in ECR, NAA opposes use of the implicit cost coverage test in ECR to "narrow the [alleged] difference" you cite. Evidently, the Postal Service does not believe that implicit cost coverage test should be applied consistently, as discussed at pages 16-23 of my direct testimony.

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**RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA WITNESS TYE  
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE**

**USPS/NAA-T1-25. Please see your testimony at page 32, lines 8-9. Is your diagram intended to depict the "iterative process" mentioned in the citation in footnote 56? If not, what purpose does the diagram serve?**

**RESPONSE:**

No. The reference to an "iterative process" originates at witness Moeller testimony, page 4, line 16, where witness Moeller discusses iterations within his rate model made in order to determine various rate elements, not relationships between the cost coverage and the rate design. The diagram serves as a graphic reminder of what I mean by the terms "top-down" and "bottom-up."

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RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA WITNESS TYE  
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE

USPS/NAA-T1-40. Please refer to pages 33-35 of your testimony where you discuss the ECR cost coverage. If you do not confirm any of the following, please explain fully.

- a. Please confirm that, to the extent that price elasticity information was used to determine the appropriate cost coverage relationships in Docket No. R97-1, comparisons were made using the best estimates of the elasticities for the various subclasses available for that proceeding.
- b. Please confirm that when developing cost coverages for Docket No. R2000-1, similar comparisons were made using the best estimates of the elasticities for the various subclasses available for this proceeding.
- c. Please confirm that when those comparisons were made in Docket No. R2000-1, the relative levels of price elasticity among the subclasses had changed from the relative levels observed in Docket No. R97-1 because the estimated elasticity for ECR had changed (e.g., whereas the own price elasticity of ECR in Docket No. R97-1 was approximately 2.5 times the price elasticity of First-Class letters, the elasticity of ECR in Docket No. R2000-1 is approximately 3.5 times that of First-Class letters).
- d. Please confirm that, to the extent that price elasticity information was used to determine the appropriate cost coverage relationships in Docket No. R97-1, the change observed in the relative levels of price elasticity in Docket No. R2000-1 (e.g., ECR versus First-Class letters) would justify a reevaluation of the relative cost coverages, regardless of whether the observed change in price elasticity (i.e., R97 ECR versus R2000 ECR) was the result of structural change in demand over time or an improved ability to measure demand.

RESPONSE:

(a-b) Not confirmed. It is not clear from the questions who used these

"comparisons" and for what purpose, nor what is meant by "comparisons." It is also not clear what elasticities were available to whom and whether elasticities determined coverages.

(c) Not confirmed. It is not clear from the question who used "those

comparisons" and for what purpose, nor what is meant by "those comparisons". Nor is it clear whether elasticity ratios were even used.

RESPONSE OF NEWSPAPER ASSOCIATION OF AMERICA WITNESS TYE  
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE

(d) Not confirmed. See part c, plus my discussion of Ramsey pricing in Appendix

B of my direct testimony.

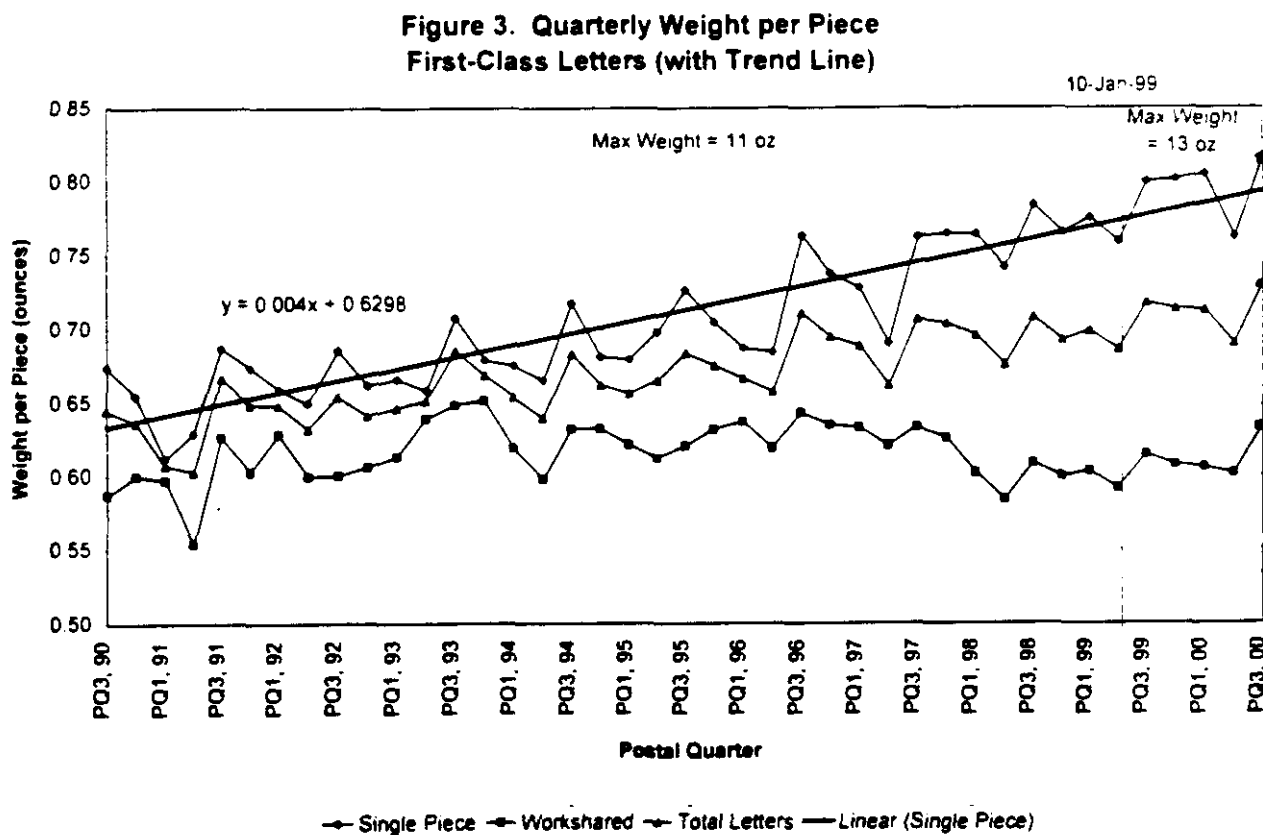
**Office of the Consumer Advocate**

**James F. Callow  
(OCA-T-6)**

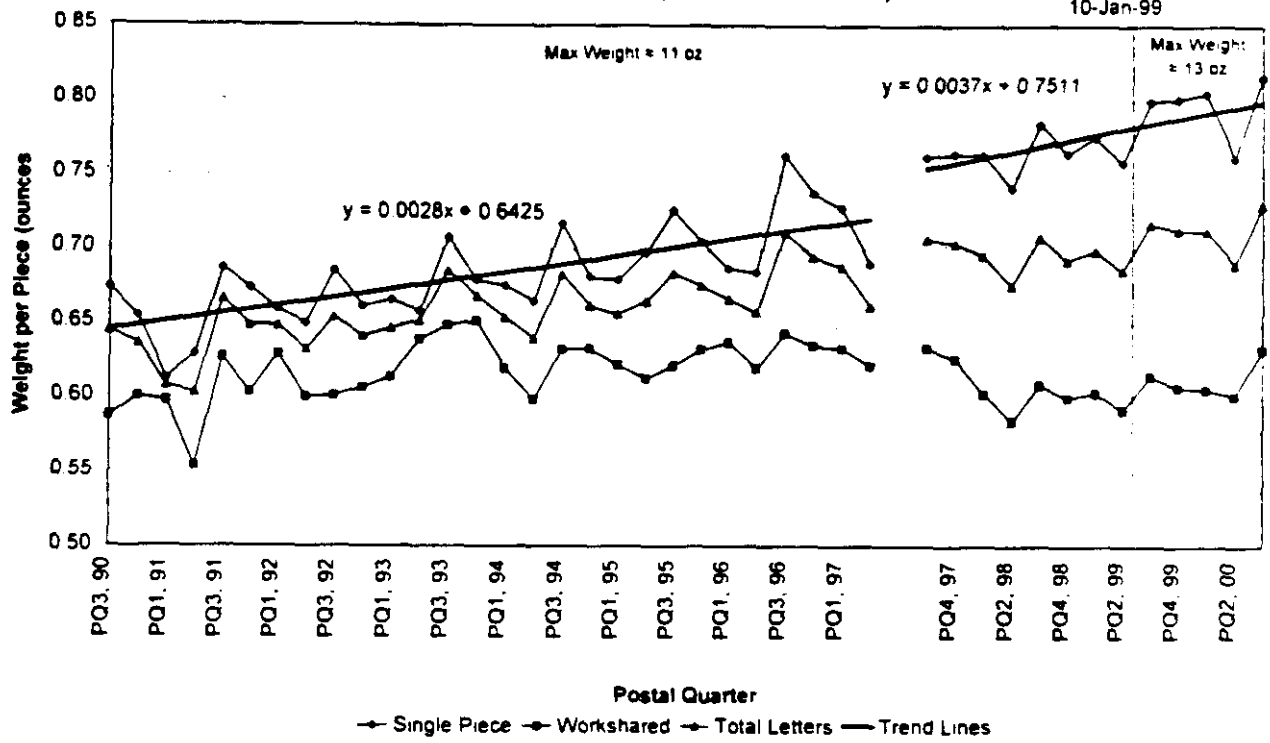
CHAIRMAN GLEIMAN: . . . could you please provide the Commission with versions of Figures 3 and 4 where the regression equations and trend lines are based on data through Postal Quarter 3 of 2000, which I believe is now available?

## RESPONSE

Figures 3 and 4, with the regression equations and trend lines based on data through Postal Quarter 3 of 2000, are shown below.



**Figure 4. Quarterly Weight per Piece  
First-Class Letters (with Trend Lines)**



CHAIRMAN GLEIMAN: If this historical trend were projected forward in each figure [e.g., Figures 1 and 2], how would its prediction of additional ounces per piece compare with the initial and revised forecasts?

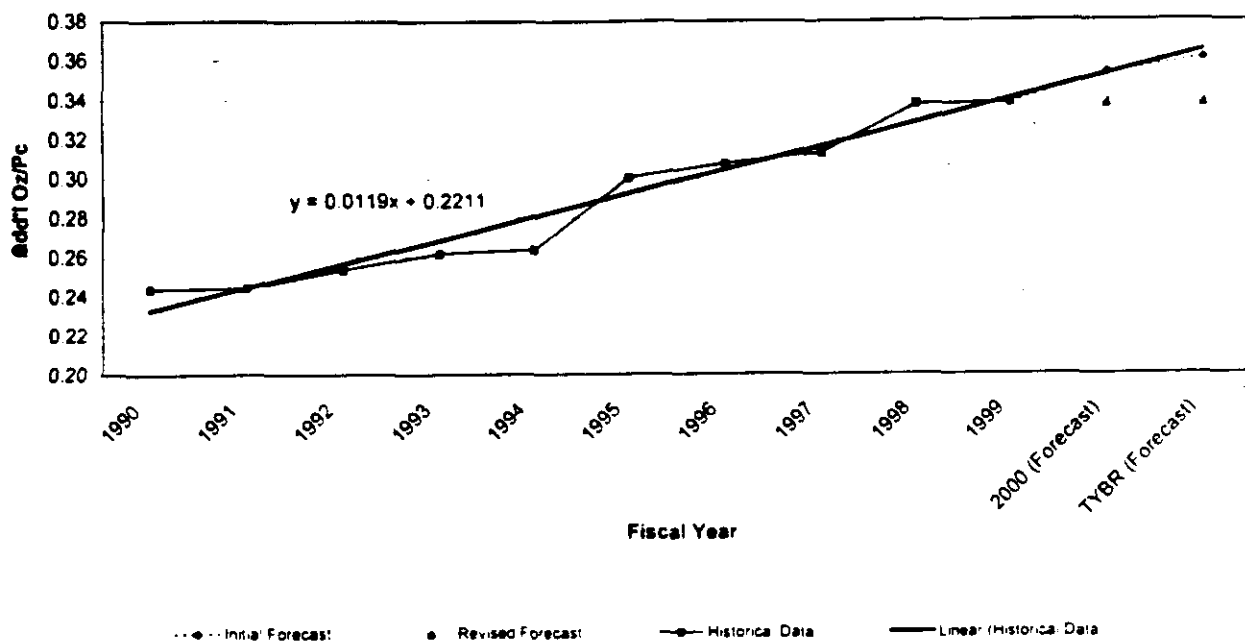
#### RESPONSE

Reproduced below are Figures 1 and 2 from my rebuttal testimony (OCA-RT-1), with the linear trend line through the historical data projected forward to the test year, before rates (TYBR). In Figure 1, the linear trend line tracks almost exactly the number of additional ounces per piece for single-piece First-Class Letters forecast by the Postal Service in its "as-filed" methodology. In fact, the "fit" of the linear regression line to the forecast produced by the "as-filed" methodology for Fiscal Year 2000 and the TYBR appears to be the best of any two years during the entire period shown in Figure 1. By contrast, the "revised" methodology produces a forecast far below the linear trend line.

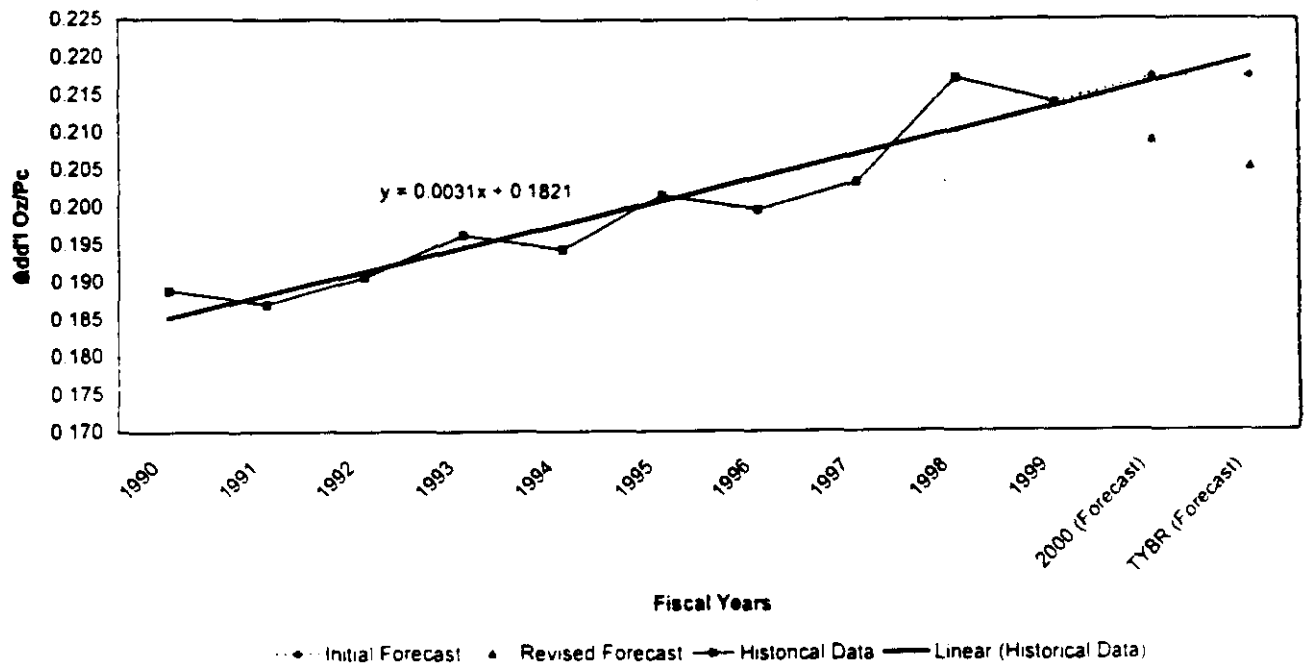
In Figure 2, there is a similar result with respect to total First-Class Letters. The linear trend line through the historical data tracks very closely the number of additional ounces per piece in the forecast produced by the "as-filed" methodology. By contrast, the "revised" methodology produces a forecast for total First-Class Letters far below the linear trend line.



**Figure 1. Additional Ounces per Piece  
First-Class Single-Piece, 0-11 Ounces**



**Figure 2. Additional Ounces per Piece  
Total First-Class Letters, 0-11 Ounces**



[illegible]

**FY 1999**

Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	46,357,005	3,555,528	1,404,188	760,402	498,520	332,308	248,430	184,075	146,335	115,188	89,580	52,583	39,518	53,783,618
Add'l Oz		3,555,528	2,808,372	2,281,206	1,994,080	1,661,540	1,490,580	1,288,525	1,170,680	1,036,512	895,600	578,413	474,216	19,235,252
Add'l Oz per Pc		0.3576	Excluding 12&13 Oz Pc					0.3386						

**Q 1&2 FY 1999**

Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	22,486,485	1,852,838	855,414	358,853	240,559	156,481	116,003	85,457	67,398	52,643	39,529	13,783	9,999	25,935,422
Add'l Oz		1,852,838	1,310,828	1,076,559	962,236	782,405	696,018	598,199	539,184	473,787	395,290	151,393	119,988	8,758,725
Add'l Oz per Pc		0.3377	Excluding 12&13 Oz Pc					0.3275	Including 12&13 Oz Pc		0.0102			

**Q 3&4 FY 1999**

Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	23,870,520	1,902,890	748,772	401,549	257,961	175,827	132,427	98,618	78,937	62,525	50,031	38,820	29,519	27,848,188
Add'l Oz		1,902,890	1,497,544	1,204,647	1,031,844	879,135	794,562	690,326	631,496	562,725	500,310	427,020	354,228	10,476,527
Add'l Oz per Pc		0.3782	Excluding 12&13 Oz Pc					0.3490	Including 12&13 Oz Pc		0.0272			

**Q 1&2 FY 2000**

Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	21,872,807	1,804,074	823,774	350,295	227,953	152,284	114,486	85,525	70,035	51,495	41,168	31,951	23,971	25,249,818
Add'l Oz		1,804,074	1,247,548	1,050,885	911,812	761,420	686,916	598,675	560,280	463,455	411,880	351,461	287,652	8,935,858
Add'l Oz per Pc		0.3539	Excluding 12&13 Oz Pc					0.3293	Including 12&13 Oz Pc		0.0246			

**0.3117**

Add'l Oz. per Pc

FY 1999 (NonAuto)														
Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	3,771,827	199,998	134,666	40,314	13,796	4,663	2,919	4,742	3,329	1,638	883	682	699	4,180,254
Add'l Oz		199,998	269,332	120,942	55,184	23,315	17,514	33,194	26,632	14,742	8,830	7,502	8,388	785,571
Add'l Oz per Pc		0.1879	Excluding 128.13 Oz Pc										0.1842	
FY 1999 (Auto)														
Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	38,287,164	927,458	135,617	32,820	14,511	10,773	6,597	6,881	6,285	5,745	4,433	2,948	1,863	37,422,893
Add'l Oz		927,458	271,234	98,460	58,044	53,865	39,582	48,167	50,280	51,705	44,330	32,408	19,956	1,695,487
Add'l Oz per Pc		0.0453	Excluding 128.13 Oz Pc										0.0439	
FY 1999 (CR)														
Oz	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Pc	1,204,897	42,468	8,378	429	-	-	-	-	-	-	-	-	-	1,255,972
Add'l Oz		42,468	16,756	1,287	-	-	-	-	-	-	-	-	-	60,511
Add'l Oz per Pc		0.0482	Excluding 128.13 Oz Pc										0.0482	

**Additional Ounces per Piece**  
**Comparison of Historical with Initial and Revised Forecast Data**  
**0-11 Ounce Letters (Forecasts Exclude Migrating Mail)**

20599

	Initial Forecast & Historical Data (Forecast in Box) Add'l Oz/Pc	Annual Percent Change	Revised Forecast & Historical Data (Forecast in Box) Add'l Oz/Pc	Annual Percent Change
<b>Single Piece:</b>				
1990	0.2443		0.2443	
1991	0.2448	0.2%	0.2448	0.2%
1992	0.2541	3.8%	0.2541	3.8%
1993	0.2622	3.2%	0.2622	3.2%
1994	0.2639	0.6%	0.2639	0.6%
1995	0.3007	13.9%	0.3007	13.9%
1996	0.3081	2.5%	0.3081	2.5%
1997	0.3134	1.7%	0.3134	1.7%
1998	0.3378	7.8%	0.3378	7.8%
1999	0.3386	0.2%	0.3386	0.2%
2000 (Forecast)	0.3532	4.3%	0.3378	-0.2%
TYBR (Forecast)	0.3604	2.0%	0.3378	0.0%

	Add'l Oz/Pc		Add'l Oz/Pc	
<b>Workshared:</b>				
1990	0.0749		0.0749	
1991	0.0741	-1.1%	0.0741	-1.1%
1992	0.0793	6.9%	0.0793	6.9%
1993	0.0851	7.4%	0.0851	7.4%
1994	0.0851	0.0%	0.0851	0.0%
1995	0.0524	-38.4%	0.0524	-38.4%
1996	0.0495	-5.5%	0.0495	-5.5%
1997	0.0545	10.0%	0.0545	10.0%
1998	0.0561	3.0%	0.0561	3.0%
1999	0.0577	2.9%	0.0577	2.9%
2000 (Forecast)	0.0561	-2.8%	0.0561	-2.8%
TYBR (Forecast)	0.0561	0.0%	0.0561	0.0%

	Add'l Oz/Pc		Add'l Oz/Pc	
<b>Total 1st Class Letters:</b>				
1990	0.1889		0.1889	
1991	0.1871	-1.0%	0.1871	-1.0%
1992	0.1908	2.0%	0.1908	2.0%
1993	0.1964	3.0%	0.1964	3.0%
1994	0.1944	-1.0%	0.1944	-1.0%
1995	0.2017	3.8%	0.2017	3.8%
1996	0.1997	-1.0%	0.1997	-1.0%
1997	0.2034	1.8%	0.2034	1.8%
1998	0.2172	6.8%	0.2172	6.8%
1999	0.2140	-1.5%	0.2140	-1.5%
2000 (Forecast)	0.2172	1.5%	0.2089	-2.4%
TYBR (Forecast)	0.2172	0.0%	0.2053	-1.7%

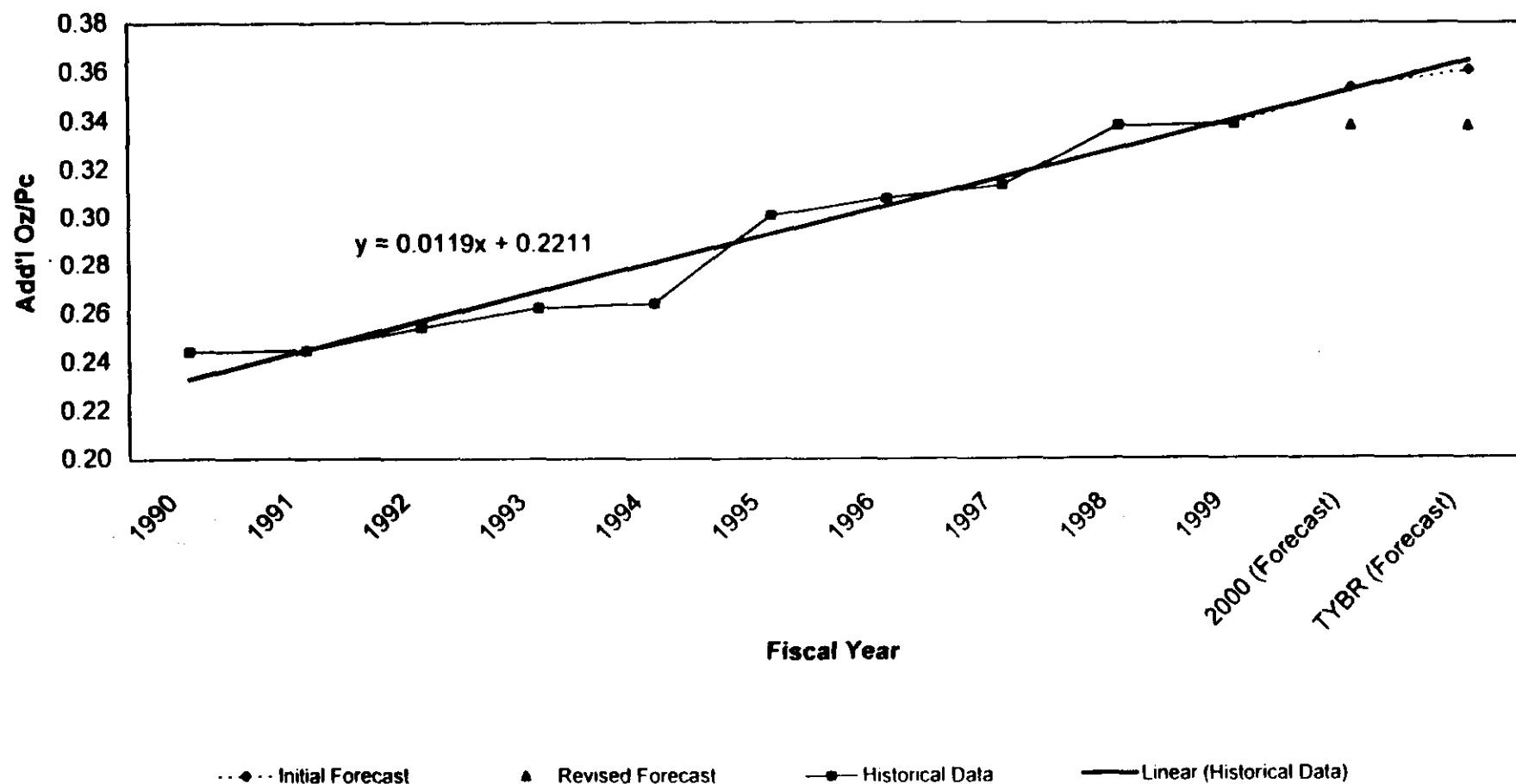
Sources: FY 1990-1998 - USPS Billing Determinants

FY 1999 - Atch. to DCA/USPS-T33-13(f), and Atch. to Response to POIR 13/Question 8

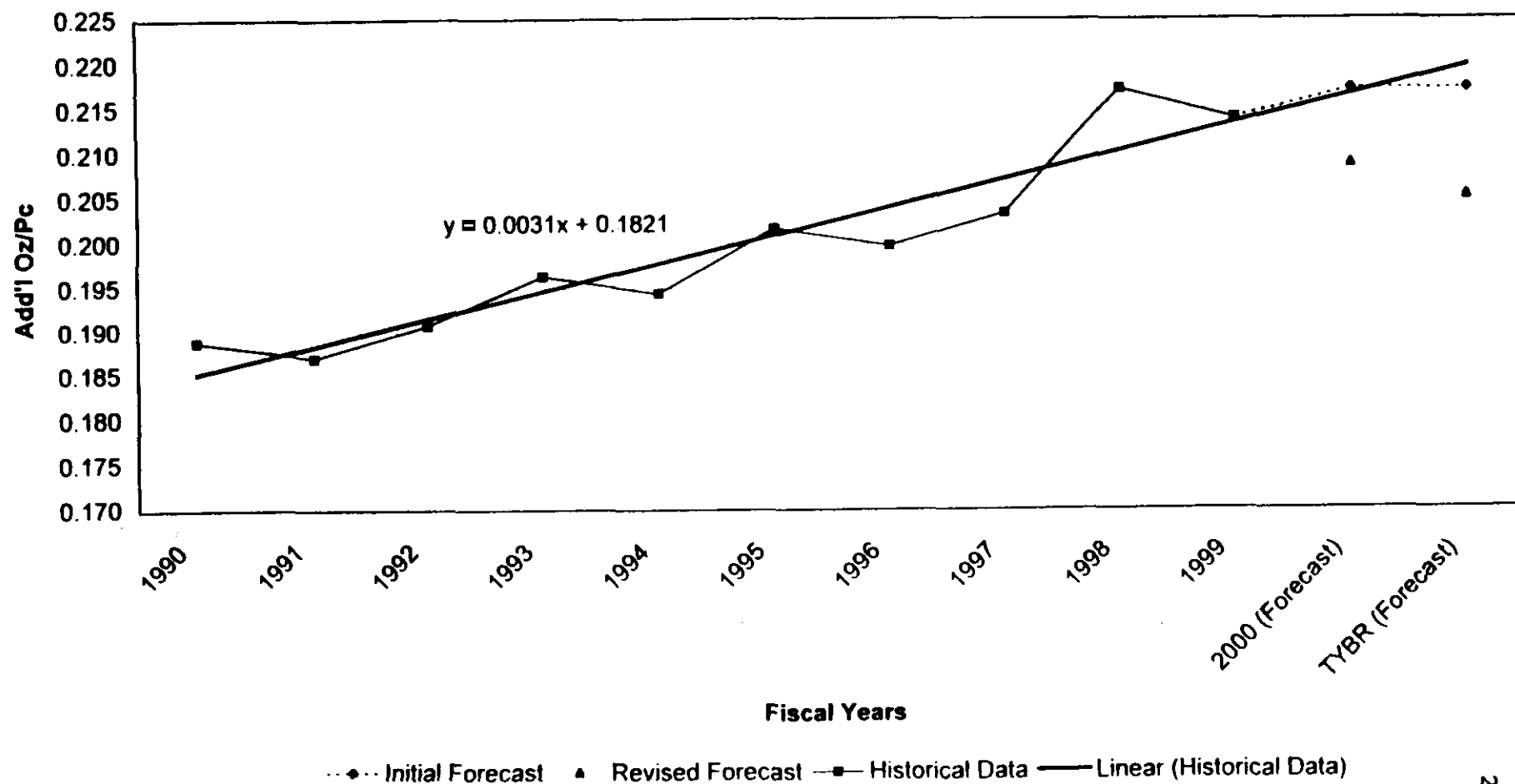
FY 2000-2001 - USPS-T-7, Workpaper 4, &amp; LR-I-122 (Initial Forecast);

and USPS-T-33, Workpaper, Revised 4/17/00 (Revised Forecast)

**Figure 1. Additional Ounces per Piece  
First-Class Single-Piece, 0-11 Ounces**



**Figure 2. Additional Ounces per Piece  
Total First-Class Letters, 0-11 Ounces**





**1st Cl. Single Piece**

	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
PQ1, 72	13,350,696	460,385	0.55174
PQ2, 72	12,775,473	414,277	0.51884
PQ3, 72	10,848,299	373,021	0.55016
PQ4, 72	11,578,640	402,205	0.55579
PQ1, 73	14,021,155	490,305	0.55950
PQ2, 73	13,261,446	437,885	0.52831
PQ3, 73	11,509,666	400,709	0.55704
PQ4, 73	12,084,903	431,485	0.57127
PQ1, 74	14,326,452	506,959	0.56618
PQ2, 74	13,159,542	448,122	0.54485
PQ3, 74	12,106,510	421,873	0.55755
PQ4, 74	11,973,627	425,547	0.56865
PQ1, 75	14,407,126	496,633	0.55154
PQ2, 75	12,950,709	435,264	0.53775
PQ3, 75	11,849,559	406,987	0.54954
PQ4, 75	12,000,241	428,154	0.57086
PQ1, 76	14,335,914	507,771	0.56671
PQ2, 76	12,616,371	448,207	0.56841
PQ3, 76	11,834,552	417,014	0.56379
PQ4, 76	14,165,816	403,138	0.45534
PQ1, 77	12,548,028	442,252	0.56392
PQ2, 77	11,718,739	411,479	0.56181
PQ3, 77	11,059,791	402,680	0.58255
PQ4, 77	11,083,705	513,020	0.74058
PQ1, 78	12,893,112	454,210	0.56366
PQ2, 78	11,916,381	415,287	0.55760
PQ3, 78	11,787,766	434,264	0.58944
PQ4, 78	14,743,532	517,727	0.56185
PQ1, 79	12,717,449	450,346	0.56659
PQ2, 79	12,013,862	419,349	0.55849
PQ3, 79	11,332,696	422,575	0.59661
PQ4, 79	14,137,079	533,794	0.60413
PQ1, 80	12,735,254	449,152	0.56429
PQ2, 80	11,914,515	425,747	0.57174
PQ3, 80	11,514,506	441,871	0.61400
PQ4, 80	14,453,760	544,939	0.60324
PQ1, 81	12,621,783	456,429	0.57859
PQ2, 81	11,926,740	436,239	0.58522
PQ3, 81	11,164,327	440,466	0.63125
PQ4, 81	14,105,890	552,209	0.62636
PQ1, 82	12,174,152	448,054	0.58886
PQ2, 82	11,211,564	418,980	0.59793
PQ3, 82	11,130,788	426,581	0.61319
PQ4, 82	13,880,254	522,944	0.60281
PQ1, 83	11,989,463	455,635	0.60805
PQ2, 83	11,183,689	423,352	0.60567
PQ3, 83	11,104,694	432,047	0.62251

20602

20603

PQ4, 83	13,639,738	528,527	0.61998		
PQ1, 84	12,432,751	476,652	0.61341		
PQ2, 84	11,862,043	448,166	0.60450		
PQ3, 84	11,263,617	453,112	0.64365		
PQ4, 84	14,640,882	560,723	0.61278		
PQ1, 85	13,032,788	487,426	0.59840		
PQ2, 85	12,077,908	450,681	0.59703		
PQ3, 85	11,820,684	479,539	0.64908		
PQ4, 85	14,808,731	581,510	0.62829		
PQ1, 86	13,516,912	512,742	0.60693		
PQ2, 86	12,032,781	469,264	0.62398		
PQ3, 86	12,161,316	482,102	0.63428		
PQ4, 86	15,311,841	599,321	0.62626		
PQ1, 87	13,644,350	538,627	0.63162		
PQ2, 87	12,533,706	476,431	0.60819		
PQ3, 87	12,250,782	506,837	0.66195		
PQ4, 87	15,506,634	630,607	0.65067		
PQ1, 88	14,077,947	550,435	0.62559		
PQ2, 88	12,938,397	505,878	0.62558		
PQ3, 88	12,602,798	520,453	0.66075		
PQ4, 88	15,740,356	628,838	0.63921		
PQ1, 89	13,589,552	535,422	0.63039		
PQ2, 89	13,485,699	507,568	0.60220		
PQ3, 89	12,677,625	524,890	0.66245		
PQ4, 89	15,956,070	654,031	0.65583		
PQ1, 90	13,956,455	551,260	0.63198		
PQ2, 90	13,600,716	531,868	0.62569	$y = 0.0037x + 0.6332$	
PQ3, 90	12,782,498	538,403	0.67393	0.63690	1
PQ4, 90	16,447,943	673,237	0.65490	0.64060	2
PQ1, 91	14,378,829	550,270	0.61231	0.64430	3
PQ2, 91	13,614,879	535,507	0.62932	0.64800	4
PQ3, 91	12,599,810	541,181	0.68722	0.65170	5
PQ4, 91	15,697,247	661,568	0.67433	0.65540	6
PQ1, 92	12,986,410	535,550	0.65983	0.65910	7
PQ2, 92	13,192,662	536,163	0.65026	0.66280	8
PQ3, 92	12,279,740	526,502	0.68601	0.66650	9
PQ4, 92	16,079,004	665,402	0.66213	0.67020	10
PQ1, 93	12,944,828	539,094	0.66633	0.67390	11
PQ2, 93	13,532,868	557,028	0.65858	0.67760	12
PQ3, 93	12,510,343	553,644	0.70808	0.68130	13
PQ4, 93	15,946,785	677,176	0.67944	0.68500	14
PQ1, 94	12,975,035	547,893	0.67563	0.68870	15
PQ2, 94	13,504,707	561,716	0.66551	0.69240	16
PQ3, 94	12,177,343	546,325	0.71782	0.69610	17
PQ4, 94	16,160,385	688,230	0.68140	0.69980	18
PQ1, 95	12,890,736	547,515	0.67958	0.70350	19
PQ2, 95	13,588,897	592,763	0.69794	0.70720	20
PQ3, 95	12,448,554	565,378	0.72667	0.71090	21
PQ4, 95	15,669,940	690,548	0.70509	0.71460	22

PQ1, 96	12,872,400	553,071	0.68745	0.71830	23
PQ2, 96	13,301,372	568,982	0.68442	0.72200	24
PQ3, 96	12,043,511	574,557	0.76331	0.72570	25
PQ4, 96	15,672,194	722,711	0.73783	0.72940	26
PQ1, 97	12,680,931	577,043	0.72808	0.73310	27
PQ2, 97	13,560,841	585,053	0.69029	0.73680	28
PQ3, 97	12,427,527	592,174	0.76240	0.74050	29
PQ4, 97	15,390,693	735,729	0.76486	0.74420	30
PQ1, 98	12,613,478	602,399	0.76413	0.74790	31
PQ2, 98	13,341,965	618,531	0.74176	0.75160	32
PQ3, 98	12,442,942	609,649	0.78393	0.75530	33
PQ4, 98	15,537,818	743,008	0.76511	0.75900	34
PQ1, 99	12,291,918	595,649	0.77534	0.76270	35
PQ2, 99	13,272,506	629,586	0.75897		
PQ3, 99	12,536,670	626,521	0.79960		
PQ4, 99	15,311,527	766,715	0.80119		
PQ1, 00	12,059,251	606,554	0.80477		
PQ2, 00	13,190,565	628,193	0.76199		
PQ3, 00	12,058,304	614,800	0.81577		
PQ4, 00			#DIV/0!	FY 2000	

20604

$$y = 0.0028x + 0.6425$$

20605

	Tot Ltrs	Wkshd	Sgl Pc Ltrs	SgPc Tmd	
PQ3, 90	0.64494	0.58716	0.67393	0.6453	1
PQ4, 90	0.63660	0.60038	0.65490	0.6481	2
PQ1, 91	0.60776	0.59751	0.61231	0.6509	3
PQ2, 91	0.60345	0.55400	0.62932	0.6537	4
PQ3, 91	0.66697	0.62694	0.68722	0.6565	5
PQ4, 91	0.64908	0.60368	0.67433	0.6593	6
PQ1, 92	0.64873	0.62910	0.65983	0.6621	7
PQ2, 92	0.63264	0.60037	0.65026	0.6649	8
PQ3, 92	0.65466	0.60112	0.68601	0.6677	9
PQ4, 92	0.64187	0.60671	0.66213	0.6705	10
PQ1, 93	0.64692	0.61386	0.66633	0.6733	11
PQ2, 93	0.65176	0.63950	0.65858	0.6761	12
PQ3, 93	0.68566	0.64870	0.70808	0.6789	13
PQ4, 93	0.66903	0.65198	0.67944	0.6817	14
PQ1, 94	0.65420	0.61959	0.67563	0.6845	15
PQ2, 94	0.64007	0.59843	0.66551	0.6873	16
PQ3, 94	0.68331	0.63247	0.71782	0.6901	17
PQ4, 94	0.66224	0.63272	0.68140	0.6929	18
PQ1, 95	0.65657	0.62190	0.67958	0.6957	19
PQ2, 95	0.66512	0.61267	0.69794	0.6985	20
PQ3, 95	0.68393	0.62097	0.72667	0.7013	21
PQ4, 95	0.67555	0.63215	0.70509	0.7041	22
PQ1, 96	0.66677	0.63739	0.68745	0.7069	23
PQ2, 96	0.65766	0.61948	0.68442	0.7097	24
PQ3, 96	0.71126	0.64350	0.76331	0.7125	25
PQ4, 96	0.69491	0.63510	0.73783	0.7153	26
PQ1, 97	0.68873	0.63339	0.72808	0.7181	27
PQ2, 97	0.66177	0.62101	0.69029	0.7209	28
$y = 0.0037x + 0.7511$					
PQ3, 97	0.70682	0.63350	0.76240	0.7548	1
PQ4, 97	0.70417	0.62616	0.76486	0.7585	2
PQ1, 98	0.69612	0.60268	0.76413	0.7622	3
PQ2, 98	0.67583	0.58419	0.74176	0.7659	4
PQ3, 98	0.70824	0.60900	0.78393	0.7696	5
PQ4, 98	0.69268	0.60007	0.76511	0.7733	6
PQ1, 99	0.69912	0.60357	0.77534	0.7770	7
PQ2, 99	0.68624	0.59192	0.75897	0.7807	8
PQ3, 99	0.71760	0.61481	0.79960	0.7844	9
PQ4, 99	0.71364	0.60763	0.80119	0.7881	10
PQ1, 00	0.71289	0.60610	0.80477	0.7918	11
PQ2, 00	0.69020	0.60173	0.76199	0.7955	12
PQ3, 00	0.73031	0.63316	0.81577	0.7992	13

20606

	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
FY 1972	48,051,923	1,630,400	0.54288
FY 1973	50,013,581	1,730,770	0.55370
FY 1974	50,609,472	1,770,702	0.55980
FY 1975	50,348,807	1,733,331	0.55082
FY 1976	50,310,597	1,791,316	0.56968
FY 1977	49,454,565	1,768,525	0.57217
FY 1978	50,826,054	1,823,365	0.57399
FY 1979	50,759,405	1,823,840	0.57490
FY 1980	51,055,654	1,875,844	0.58786
FY 1981	50,132,668	1,886,611	0.60212
FY 1982	48,585,996	1,824,023	0.60067
FY 1983	48,054,812	1,844,700	0.61420
FY 1984	50,267,248	1,941,541	0.61799
FY 1985	51,930,838	2,006,944	0.61834
FY 1986	53,188,698	2,070,267	0.62277
FY 1987	54,159,886	2,162,518	0.63885
FY 1988	55,785,362	2,222,847	0.63754
FY 1989	55,858,360	2,227,248	0.63797
FY 1990	56,787,789	2,296,696	0.64710
FY 1991	56,351,055	2,296,006	0.65191
FY 1992	54,963,091	2,281,703	0.66421
FY 1993	55,204,316	2,339,731	0.67813
FY 1994	55,057,479	2,354,593	0.68426
FY 1995	54,930,629	2,414,135	0.70318
FY 1996	54,150,759	2,437,451	0.72020
FY 1997	54,240,238	2,504,814	0.73888
FY 1998	54,273,024	2,589,862	0.76351
FY 1999	53,783,619	2,641,888	0.78593

## 1st Cl. Presort

20607

	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
PQ1, 72	0	0	#DIV/0!
PQ2, 72	0	0	#DIV/0!
PQ3, 72	0	0	#DIV/0!
PQ4, 72	0	0	#DIV/0!
PQ1, 73	0	0	#DIV/0!
PQ2, 73	0	0	#DIV/0!
PQ3, 73	0	0	#DIV/0!
PQ4, 73	0	0	#DIV/0!
PQ1, 74	0	0	#DIV/0!
PQ2, 74	0	0	#DIV/0!
PQ3, 74	0	0	#DIV/0!
PQ4, 74	0	0	#DIV/0!
PQ1, 75	0	0	#DIV/0!
PQ2, 75	0	0	#DIV/0!
PQ3, 75	0	0	#DIV/0!
PQ4, 75	0	0	#DIV/0!
PQ1, 76	0	0	#DIV/0!
PQ2, 76	0	0	#DIV/0!
PQ3, 76	0	0	#DIV/0!
PQ4, 76	-3,082,111	0	0.00000
PQ1, 77	297,069	9,436	0.50822
PQ2, 77	427,854	13,770	0.51494
PQ3, 77	438,404	13,880	0.50656
PQ4, 77	3,768,414	22,199	0.09425
PQ1, 78	510,661	17,454	0.54687
PQ2, 78	633,401	21,481	0.54262
PQ3, 78	650,388	22,349	0.54980
PQ4, 78	420,109	35,123	1.33767
PQ1, 79	886,711	30,863	0.55690
PQ2, 79	1,005,529	35,443	0.56397
PQ3, 79	1,212,678	42,786	0.56452
PQ4, 79	2,365,464	63,573	0.43001
PQ1, 80	1,383,941	49,776	0.57547
PQ2, 80	1,665,221	57,960	0.55690
PQ3, 80	1,465,893	53,551	0.58450
PQ4, 80	2,317,436	83,535	0.57674
PQ1, 81	1,796,134	64,045	0.57051
PQ2, 81	1,936,005	67,133	0.55482
PQ3, 81	2,186,245	77,116	0.56437
PQ4, 81	2,895,067	106,544	0.58883
PQ1, 82	2,196,638	79,355	0.57801
PQ2, 82	2,895,498	103,832	0.57376
PQ3, 82	2,568,848	93,535	0.58258
PQ4, 82	3,410,726	122,125	0.57290
PQ1, 83	2,808,840	102,247	0.58243
PQ2, 83	3,345,248	117,244	0.56077
PQ3, 83	3,047,835	111,175	0.58363

20608

PQ4, 83	4,089,178	148,052	0.57929
PQ1, 84	3,375,855	120,958	0.57329
PQ2, 84	3,601,559	124,934	0.55502
PQ3, 84	3,680,452	134,895	0.58643
PQ4, 84	4,624,679	171,970	0.59496
PQ1, 85	3,898,129	144,463	0.59295
PQ2, 85	4,328,671	148,613	0.54932
PQ3, 85	3,977,412	147,699	0.59415
PQ4, 85	5,267,879	194,863	0.59185
PQ1, 86	4,404,603	161,577	0.58694
PQ2, 86	4,682,495	165,093	0.56412
PQ3, 86	4,512,777	166,358	0.58982
PQ4, 86	6,060,725	223,508	0.59005
PQ1, 87	4,847,659	181,561	0.59925
PQ2, 87	5,161,506	183,977	0.57030
PQ3, 87	5,059,130	186,273	0.58911
PQ4, 87	6,301,912	236,200	0.59969
PQ1, 88	5,576,404	212,048	0.60842
PQ2, 88	5,975,033	209,221	0.56025
PQ3, 88	5,746,904	217,747	0.60623
PQ4, 88	7,170,068	275,309	0.61435
PQ1, 89	6,290,782	238,541	0.60671
PQ2, 89	5,945,451	213,469	0.57447
PQ3, 89	5,988,114	224,102	0.59879
PQ4, 89	7,569,608	288,062	0.60888
PQ1, 90	6,144,665	230,764	0.60088
PQ2, 90	6,635,907	233,212	0.56230
PQ3, 90	6,412,860	235,336	0.58716
PQ4, 90	8,311,285	311,868	0.60038
PQ1, 91	6,396,725	238,883	0.59751
PQ2, 91	7,121,582	246,583	0.55400
PQ3, 91	6,375,720	249,825	0.62694
PQ4, 91	8,732,488	329,479	0.60368
PQ1, 92	7,339,951	288,599	0.62910
PQ2, 92	7,198,311	270,102	0.60037
PQ3, 92	7,189,113	270,095	0.60112
PQ4, 92	9,262,959	351,245	0.60671
PQ1, 93	7,598,447	291,523	0.61386
PQ2, 93	7,525,969	300,803	0.63950
PQ3, 93	7,589,002	307,687	0.64870
PQ4, 93	9,738,545	396,835	0.65198
PQ1, 94	8,031,819	311,025	0.61959
PQ2, 94	8,250,000	308,564	0.59843
PQ3, 94	8,269,037	326,871	0.63247
PQ4, 94	10,485,871	414,662	0.63272
PQ1, 95	8,554,719	332,513	0.62190
PQ2, 95	8,503,299	325,605	0.61267
PQ3, 95	8,450,761	327,979	0.62097
PQ4, 95	10,667,864	421,480	0.63215

20609

PQ1, 96	9,061,562	360,984	0.63739
PQ2, 96	9,324,288	361,015	0.61948
PQ3, 96	9,249,137	371,986	0.64350
PQ4, 96	11,244,202	446,324	0.63510
PQ1, 97	9,017,305	356,965	0.63339
PQ2, 97	9,487,944	368,256	0.62101
PQ3, 97	9,421,821	373,048	0.63350
PQ4, 97	11,972,352	468,539	0.62616
PQ1, 98	9,181,463	345,842	0.60268
PQ2, 98	9,599,299	350,488	0.58419
PQ3, 98	9,489,608	361,196	0.60900
PQ4, 98	12,150,768	455,706	0.60007
PQ1, 99	9,805,608	369,898	0.60357
PQ2, 99	10,234,309	378,619	0.59192
PQ3, 99	10,000,609	384,280	0.61481
PQ4, 99	12,644,316	480,192	0.60763
PQ1, 00	10,375,698	393,043	0.60610
PQ2, 00	10,704,577	402,578	0.60173
PQ3, 00	10,606,619	419,733	0.63316
PQ4, 00			#DIV/0! FY 2000



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	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
FY 1972	0	0	0.00000
FY 1973	0	0	0.00000
FY 1974	0	0	0.00000
FY 1975	0	0	0.00000
FY 1976	0	0	0.00000
FY 1977	1,863,838	59,601	0.51164
FY 1978	2,778,640	94,947	0.54673
FY 1979	4,846,098	170,793	0.56389
FY 1980	6,838,016	246,181	0.57603
FY 1981	8,821,707	313,683	0.56893
FY 1982	11,095,670	399,767	0.57647
FY 1983	13,355,461	480,591	0.57575
FY 1984	15,310,578	553,584	0.57851
FY 1985	17,546,206	638,217	0.58198
FY 1986	19,808,418	722,529	0.58361
FY 1987	21,379,326	788,309	0.58996
FY 1988	24,792,307	926,673	0.59804
FY 1989	25,791,537	964,177	0.59814
FY 1990	27,584,597	1,014,181	0.58826
FY 1991	28,805,316	1,071,738	0.59530
FY 1992	31,231,742	1,187,773	0.60850
FY 1993	32,650,138	1,307,085	0.64053
FY 1994	35,507,306	1,356,971	0.61147
FY 1995	36,413,799	1,417,740	0.62295
FY 1996	39,057,194	1,547,384	0.63389
FY 1997	40,062,616	1,572,462	0.62800
FY 1998	40,634,252	1,521,299	0.59902
FY 1999	42,859,119	1,620,460	0.60494

**1st Cl. Total Letters**

	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
PQ1, 72	13,350,696	460,385	0.55174
PQ2, 72	12,775,473	414,277	0.51884
PQ3, 72	10,848,299	373,021	0.55016
PQ4, 72	11,578,640	402,205	0.55579
PQ1, 73	14,021,155	490,305	0.55950
PQ2, 73	13,261,446	437,885	0.52831
PQ3, 73	11,509,666	400,709	0.55704
PQ4, 73	12,084,903	431,485	0.57127
PQ1, 74	14,326,452	506,959	0.56618
PQ2, 74	13,159,542	448,122	0.54485
PQ3, 74	12,106,510	421,873	0.55755
PQ4, 74	11,973,627	425,547	0.56865
PQ1, 75	14,407,126	496,633	0.55154
PQ2, 75	12,950,709	435,264	0.53775
PQ3, 75	11,849,559	406,987	0.54954
PQ4, 75	12,000,241	428,154	0.57086
PQ1, 76	14,335,914	507,771	0.56671
PQ2, 76	12,616,371	448,207	0.56841
PQ3, 76	11,834,552	417,014	0.56379
PQ4, 76	11,083,705	403,138	0.58195
PQ1, 77	12,845,097	451,688	0.56263
PQ2, 77	12,146,593	425,249	0.56016
PQ3, 77	11,498,195	416,560	0.57965
PQ4, 77	14,852,119	535,219	0.57658
PQ1, 78	13,403,773	471,664	0.56302
PQ2, 78	12,549,782	436,768	0.55685
PQ3, 78	12,438,154	456,613	0.58737
PQ4, 78	15,163,641	552,850	0.58334
PQ1, 79	13,604,160	481,209	0.56596
PQ2, 79	13,019,391	454,792	0.55891
PQ3, 79	12,545,374	465,361	0.59351
PQ4, 79	16,502,543	597,367	0.57918
PQ1, 80	14,119,195	498,928	0.56539
PQ2, 80	13,579,736	483,707	0.56992
PQ3, 80	12,980,399	495,422	0.61067
PQ4, 80	16,771,196	628,474	0.59957
PQ1, 81	14,417,917	520,474	0.57759
PQ2, 81	13,862,745	503,372	0.58098
PQ3, 81	13,350,572	517,582	0.62030
PQ4, 81	17,000,957	658,753	0.61997
PQ1, 82	14,370,790	527,409	0.58720
PQ2, 82	14,107,062	522,812	0.59296
PQ3, 82	13,699,636	520,116	0.60745
PQ4, 82	17,290,980	645,069	0.59691
PQ1, 83	14,798,303	557,882	0.60318
PQ2, 83	14,528,937	540,596	0.59533
PQ3, 83	14,152,529	543,222	0.61413

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20612

PQ4, 83	17,728,916	676,579	0.61060
PQ1, 84	15,808,606	597,610	0.60485
PQ2, 84	15,463,602	573,100	0.59298
PQ3, 84	14,944,069	588,007	0.62955
PQ4, 84	19,265,561	732,693	0.60850
PQ1, 85	16,930,917	631,889	0.59715
PQ2, 85	16,406,579	599,294	0.58444
PQ3, 85	15,798,096	627,238	0.63525
PQ4, 85	20,076,610	776,373	0.61873
PQ1, 86	17,921,515	674,319	0.60202
PQ2, 86	16,715,276	634,357	0.60721
PQ3, 86	16,674,093	648,460	0.62224
PQ4, 86	21,372,566	822,829	0.61599
PQ1, 87	18,492,009	720,188	0.62313
PQ2, 87	17,695,212	660,408	0.59714
PQ3, 87	17,309,912	693,110	0.64066
PQ4, 87	21,808,546	866,807	0.63594
PQ1, 88	19,654,351	762,483	0.62071
PQ2, 88	18,913,430	715,099	0.60494
PQ3, 88	18,349,702	738,200	0.64367
PQ4, 88	22,910,424	904,147	0.63143
PQ1, 89	19,880,334	773,963	0.62290
PQ2, 89	19,431,150	721,037	0.59372
PQ3, 89	18,665,739	748,992	0.64203
PQ4, 89	23,525,678	942,093	0.64072
PQ1, 90	20,101,120	782,024	0.62247
PQ2, 90	20,236,623	765,080	0.60491
PQ3, 90	19,195,358	773,739	0.64494
PQ4, 90	24,759,228	985,105	0.63660
PQ1, 91	20,775,554	789,153	0.60776
PQ2, 91	20,736,461	782,090	0.60345
PQ3, 91	18,975,530	791,006	0.66697
PQ4, 91	24,429,735	991,047	0.64908
PQ1, 92	20,326,361	824,149	0.64873
PQ2, 92	20,390,973	806,265	0.63264
PQ3, 92	19,468,853	796,597	0.65466
PQ4, 92	25,341,963	1,016,647	0.64187
PQ1, 93	20,543,275	830,617	0.64692
PQ2, 93	21,058,837	857,831	0.65176
PQ3, 93	20,099,345	861,331	0.68566
PQ4, 93	25,685,330	1,074,011	0.66903
PQ1, 94	21,006,854	858,918	0.65420
PQ2, 94	21,754,707	870,280	0.64007
PQ3, 94	20,446,380	873,196	0.68331
PQ4, 94	26,646,256	1,102,892	0.66224
PQ1, 95	21,445,455	880,028	0.65657
PQ2, 95	22,092,196	918,368	0.66512
PQ3, 95	20,899,315	893,357	0.68393
PQ4, 95	26,337,804	1,112,028	0.67555

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PQ1, 96	21,933,962	914,055	0.66677
PQ2, 96	22,625,660	929,997	0.65766
PQ3, 96	21,292,648	946,543	0.71126
PQ4, 96	26,916,396	1,169,035	0.69491
PQ1, 97	21,698,236	934,008	0.68873
PQ2, 97	23,048,785	953,309	0.66177
PQ3, 97	21,849,348	965,222	0.70682
PQ4, 97	27,363,045	1,204,268	0.70417
PQ1, 98	21,794,941	948,241	0.69612
PQ2, 98	22,941,264	969,019	0.67583
PQ3, 98	21,932,550	970,845	0.70824
PQ4, 98	27,688,586	1,198,714	0.69268
PQ1, 99	22,097,526	965,547	0.69912
PQ2, 99	23,506,815	1,008,205	0.68624
PQ3, 99	22,537,279	1,010,801	0.71760
PQ4, 99	27,955,843	1,246,907	0.71364
PQ1, 00	22,434,949	999,597	0.71289
PQ2, 00	23,895,142	1,030,771	0.69020
PQ3, 00	22,664,923	1,034,533	0.73031
PQ4, 00			#DIV/0! FY 2000

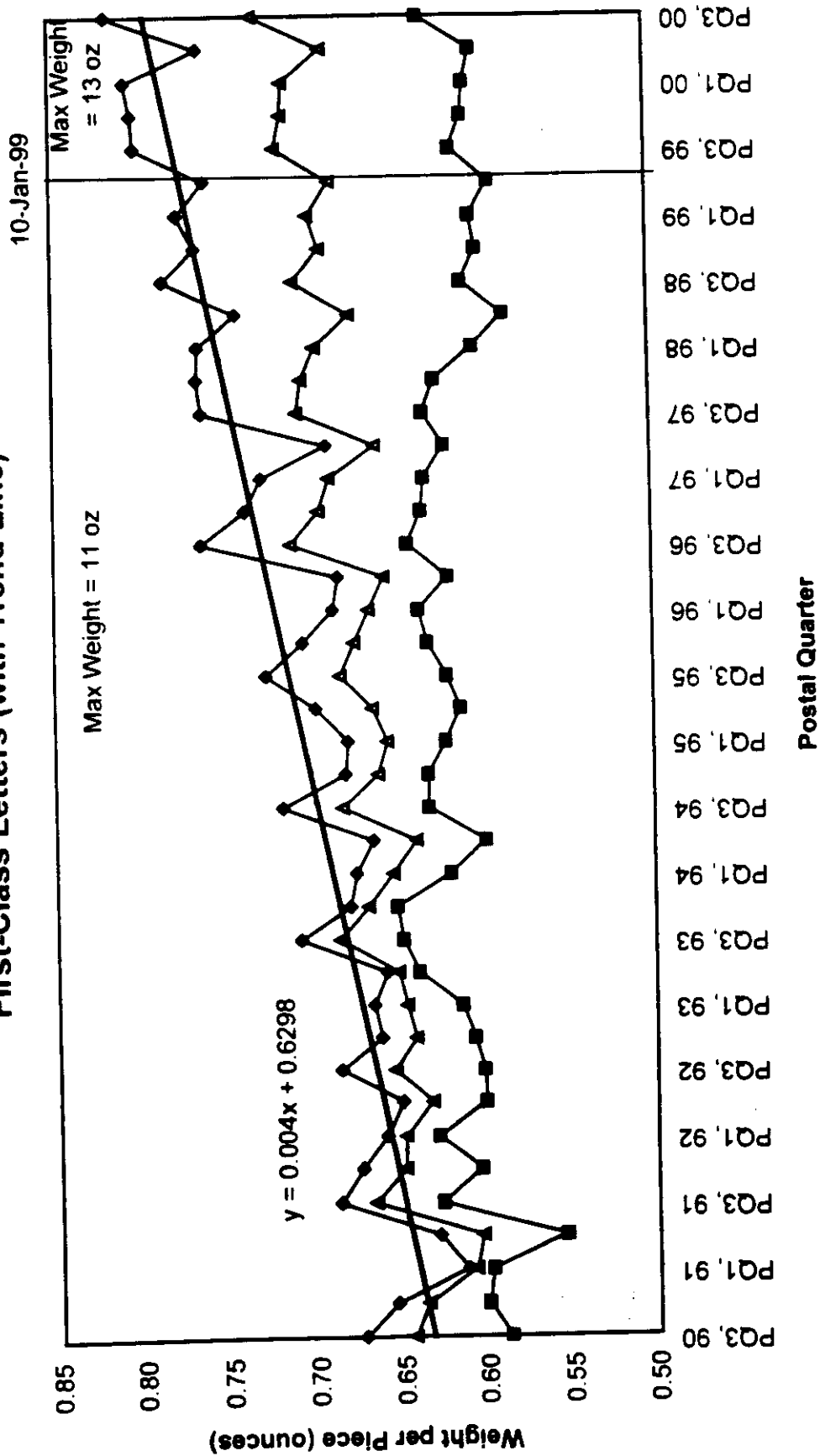
20614

	<u>Pieces</u>	<u>Weight</u>	<u>Wgt/Pc</u>
FY 1972	48,051,923	1,630,400	0.54288
FY 1973	50,013,581	1,730,770	0.55370
FY 1974	50,609,472	1,770,702	0.55980
FY 1975	50,348,807	1,733,331	0.55082
FY 1976	50,310,597	1,791,316	0.56968
FY 1977	51,318,403	1,828,126	0.56997
FY 1978	53,604,694	1,918,312	0.57258
FY 1979	55,605,503	1,994,633	0.57394
FY 1980	57,893,670	2,122,025	0.58646
FY 1981	58,954,375	2,200,294	0.59715
FY 1982	59,681,666	2,223,790	0.59617
FY 1983	61,410,273	2,325,291	0.60584
FY 1984	65,577,826	2,495,125	0.60877
FY 1985	69,477,044	2,645,161	0.60916
FY 1986	72,997,116	2,792,796	0.61214
FY 1987	75,539,212	2,950,827	0.62502
FY 1988	80,577,669	3,149,520	0.62539
FY 1989	81,649,897	3,191,425	0.62539
FY 1990	84,372,386	3,310,877	0.62786
FY 1991	85,156,371	3,367,744	0.63276
FY 1992	86,194,833	3,469,476	0.64402
FY 1993	87,854,454	3,646,816	0.66416
FY 1994	90,564,785	3,711,564	0.65572
FY 1995	91,344,428	3,831,875	0.67120
FY 1996	93,207,953	3,984,835	0.68403
FY 1997	94,302,854	4,077,276	0.69178
FY 1998	94,907,276	4,111,161	0.69308
FY 1999	96,642,738	4,262,348	0.70567

20615

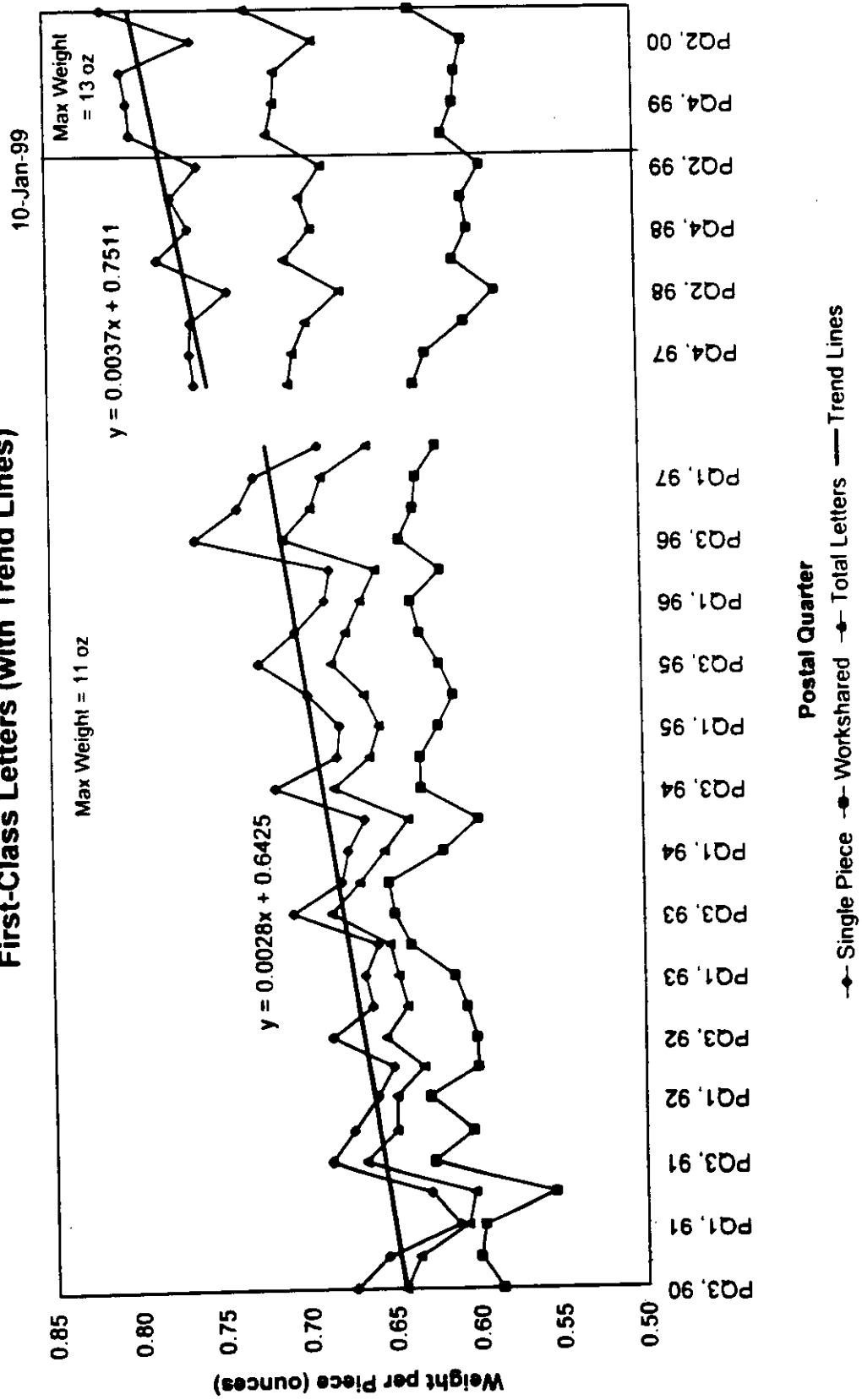
	Single Piece	First-Class Presort	Total Letters
	<u>Wgt/Pc</u>	<u>Wgt/Pc</u>	<u>Wgt/Pc</u>
PQ3, 90	0.67393	0.58716	0.64494
PQ4, 90	0.65490	0.60038	0.63660
PQ1, 91	0.61231	0.59751	0.60776
PQ2, 91	0.62932	0.55400	0.60345
PQ3, 91	0.68722	0.62694	0.66697
PQ4, 91	0.67433	0.60368	0.64908
PQ1, 92	0.65983	0.62910	0.64873
PQ2, 92	0.65026	0.60037	0.63264
PQ3, 92	0.68601	0.60112	0.65466
PQ4, 92	0.66213	0.60671	0.64187
PQ1, 93	0.66633	0.61386	0.64692
PQ2, 93	0.65858	0.63950	0.65176
PQ3, 93	0.70808	0.64870	0.68566
PQ4, 93	0.67944	0.65198	0.66903
PQ1, 94	0.67563	0.61959	0.65420
PQ2, 94	0.66551	0.59843	0.64007
PQ3, 94	0.71782	0.63247	0.68331
PQ4, 94	0.68140	0.63272	0.66224
PQ1, 95	0.67958	0.62190	0.65657
PQ2, 95	0.69794	0.61267	0.66512
PQ3, 95	0.72667	0.62097	0.68393
PQ4, 95	0.70509	0.63215	0.67555
PQ1, 96	0.68745	0.63739	0.66677
PQ2, 96	0.68442	0.61948	0.65766
PQ3, 96	0.76331	0.64350	0.71126
PQ4, 96	0.73783	0.63510	0.69491
PQ1, 97	0.72808	0.63339	0.68873
PQ2, 97	0.69029	0.62101	0.66177
PQ3, 97	0.76240	0.63350	0.70682
PQ4, 97	0.76486	0.62616	0.70417
PQ1, 98	0.76413	0.60268	0.69612
PQ2, 98	0.74176	0.58419	0.67583
PQ3, 98	0.78393	0.60900	0.70824
PQ4, 98	0.76511	0.60007	0.69268
PQ1, 99	0.77534	0.60357	0.69912
PQ2, 99	0.75897	0.59192	0.68624
PQ3, 99	0.79960	0.61481	0.71760
PQ4, 99	0.80119	0.60763	0.71364
PQ1, 00	0.80477	0.60610	0.71289
PQ2, 00	0.76199	0.60173	0.69020
PQ3, 00	0.81577	0.63316	0.73031

**Figure 3. Quarterly Weight per Piece  
First-Class Letters (with Trend Line)**



—◆— Single Piece —■— Workshared —▲— Total Letters — Linear (Single Piece)

**Figure 4. Quarterly Weight per Piece  
First-Class Letters (with Trend Lines)**





**Pitney Bowes Inc.**

**Institutional**

**RESPONSE OF PITNEY BOWES INC. TO INSTITUTIONAL  
INTERROGATORY OF DOUGLAS F. CARLSON**

DFC/PB-1. Please confirm that some customers who rent postage meters must pay their meter manufacturer a fee every time they reset their meter by telephone. If you do not confirm, please explain.

Response:

Although we are not able to speak for other meter companies, Pitney Bowes does charge a reset fee in connection with the reset of meters by means of Postage by Phone®. In some cases, that fee may be applicable for each reset.

**RESPONSE OF PITNEY BOWES INC. TO INSTITUTIONAL  
INTERROGATORY OF DOUGLAS F. CARLSON**

DFC/PB-2. Please confirm that the Postal Service's requirement that meter customers upgrade to electronic meters and that these customers reset their meters by telephone has caused some meter customers to incur charges for resetting, whereas these customers previously could take their mechanical meters to the post office for resetting at no charge. If you do not confirm, please explain.

Response:

Not confirmed. The migration from mechanical meters to electronic meters undoubtedly resulted in a significant increase in the number of customers who chose to have their meters reset remotely. According to Postal Service figures, however, approximately 8% of the installed meter-base of electronic meters are not reset remotely. The Postal Service has announced a proposed plan that will lead to the eventual withdrawal of any meter that can be taken to the post office for resetting. It should be noted that, although the Postal Service does not charge customers when their meters are taken to the post office for resetting, it does not follow that the performance of this function is cost free either to the Postal Service or the customer.

**RESPONSE OF PITNEY BOWES INC. TO INTERROGATORY  
OF THE OFFICE OF CONSUMER ADVOCATE  
REFERRED FROM JUDITH MARTIN**

OCA/PB-T1-3. Currently, what is the average amount of postage purchased by a Pitney Bowes customer monthly? What is the average number of mailpieces to which a Pitney Bowes customer applies Pitney Bowes postage monthly?

Response:

Pitney Bowes does not, in the ordinary course of business, track the average amount of postage purchased by a Pitney Bowes customer monthly. Without waiving relevancy objections, according to the available data, the amount of postage purchased at any one reset varies from \$20.26 per reset to \$6,569 depending upon the model type. Please note that these figures are per reset and that resets can occur more or less frequently than monthly. The average number of pieces to which a Pitney Bowes customer may apply Pitney Bowes postage is not known to Pitney Bowes on a monthly or any other basis. However, information as to the extent of usage is contained in PB-LR-4.

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**RESPONSE OF PITNEY BOWES INC. TO INTERROGATORY  
OF THE OFFICE OF CONSUMER ADVOCATE  
REFERRED FROM JUDITH MARTIN**

OCA/PB-T1-5. For customers applying First-Class postage to one ounce letter mailpieces through Pitney Bowes, please state the costs (over and above the cost of postage) to mail (a) 20 letters and (b) 80 letters each month. If there are choices of plans at different prices, indicate the most economical for the customer. Provide copies of rate plans.

Response:

Without waiving relevancy objections, information as to the "costs" (over and above the cost of postage) to mail varying number of "letters" is not available. While Pitney Bowes offers a number of rate plans, none are based on the number of letters that a customer may mail. Information concerning the effects of meter ownership on the usage of First-Class and other Postal Service products is provided in PB-LR-4 on file with the Commission.

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**Saturation Mailers Coalition, The**

**Roger Merriman  
(SMC-T-2)**

## RESPONSE OF SMC WITNESS MERRIMAN TO INTERROGATORIES OF NAA

NAA/SMC-T2-1. Please refer to page 1, lines 5-6, where you state that the Farmer and Rancher Exchange is distributed in South Dakota, Nebraska, Wyoming, North Dakota, and Montana. Please also refer to lines 16-17, of your testimony, where you state that excludes the larger metropolitan areas of South Dakota, where "consumers may not be tied into the agrarian economy and advertisers have a range of media choices to reach their consumers."

a. Does the Farmer and Rancher Exchange also exclude the "larger metropolitan areas" of Nebraska, Wyoming, North Dakota, and Montana?

b. Are you aware that, according to the web site for state press associations (accessible at <<http://www.naa.org/hotlinks/searchResult.asp?category=5&name=Press+Associations&City=1&State=1>>), more than 539 local newspapers--dailies and weeklies--circulate in South Dakota, Nebraska, Wyoming, North Dakota, and Montana?

c. Excluding newspapers in the larger cities in that region--Sioux Falls, Rapid City, Cheyenne, Casper, Billings, Great Falls, Missoula, Fargo, Grand Forks, Bismarck, Minot, Omaha, and Lincoln--at least 526 newspapers serve the needs of the rural citizens in the rural areas of these five western states. Do you agree that these approximately 526 rural newspapers provide the same type of advertising information to their readers that your Exchange does, plus additional editorial information?

d. Do you agree that these newspapers give consumers a "range of media choices" in these rural areas?

e. Please refer to page 7 of your testimony, where you state that *The Exchange* is the only shared mail option for insert advertisers to reach farm and ranch households in parts of five state areas. Is it your testimony that none of those 526 newspapers have shared mail programs or shopper programs that provide mail options for insert advertisers?

## RESPONSE:

a. Please see the map of our coverage I attached to my testimony. The Farmer & Rancher Exchange is not in any large metropolitan area of any of these states. The only coverage we have in an area that could be considered a large metropolitan area is Rapid City, South Dakota.

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b. I am not aware of this. Our service area covers most of South Dakota but only small portions of the four adjacent states. I can state that for the geographic area my paper covers there are 57 weekly papers, one true daily, and one five day a week daily.

c. No. The daily and weekly community papers that are in the rural area covered by the Farmer & Rancher Exchange do not provide the same type of advertising information that we do and they provide little additional editorial information.

Most of the weeklies that exist in this area have little, or nothing in the way of editorial or reporting staff. They survive as advertising publishers by qualifying as legal newspapers that have a monopoly on the publication of legal notices. In South Dakota, no free publication (even if it has better circulation and readership than the newspapers) can qualify to publish legal notices. The bread and butter of the small community papers in the rural community I serve is publishing legal notices that must be published, at standard advertising rates, by law for the county, school, federal government, township, states, and private citizens. Examples of such notices include school board meetings, county commission meetings, political notices and announcements, minutes of school board meetings, sheriff's sales, bankruptcies, service of papers, land transfers, incorporations, corporate filings, assumed name registrations, insurance company information and annual reports. These papers also carry advertising in the form of local notices like obituaries and birth and marriage announcements. This is not the same type of agricultural or ranching advertising information that our readers look for and find in the pages of the Farmer & Rancher Exchange. The biggest paper you would find in this area would be the Rapid City Journal. The Rapid City Journal offers little in the way of agricultural editorial coverage and may average three or four agricultural or ranch related classifieds per issue.

Most of the community papers in our geographic coverage area do little in the way of original reporting and simply reproduce materials they receive off of wire



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services and materials they receive from local government and school boards and agencies. I do not mean this as a critique of any of the local papers. Given the very small size and population of the towns in our geographic area, one could not expect more. Some of the 50 community papers in the area we serve are papers like the *Bonesteel Enterprise*, circulation 305, *Edgemont Tribune*, circulation 630, *Murdo Coyote*, circulation 675, and *Isabel Dakotan*, circulation 586. If it was not for the state-granted monopoly on the publication of legal notices, I question that many of these small papers would be able to survive.

d-e. I agree that these newspapers give consumers a "range of media choices" but I would stress that these are not cost-effective choices. Let me give an example. If an advertiser wanted to run a help wanted ad of up to 30 words for a ranch hand, it could buy a classified in the *Farmer & Rancher Exchange* for \$9.00. This would reach over 42,000 households and more than 110,000 readers. If the advertiser committed to run the ad for four weeks, we would give the advertiser a discounted rate of \$30 for the classified.

If the same advertiser wanted to do a combined advertising buy through the joint advertising program offered by the community papers that serve our area, the cost for a 30 word classified ad would be \$150 per week with no discount for running the ad for multiple weeks.

The 57 weekly papers that serve the same general community I do offer a combined advertising buy to purchase run of press ads that appear in all of their papers. Although the circulation methods of these papers vary, most are sent by second class mail at the favorable, subsidized in-county rates available to local newspapers. If an advertiser purchased a 1/4 page display ad in these 57 papers (excluding coverage in the *Rapid City Journal*, the cost of the ad would be \$5,130. If

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the advertiser wanted the coverage area offered the Rapid City Journal, this would cost an additional \$1,000. The same ad in our paper would cost \$332.

I do not believe these papers offer any combined shared mail or private carrier insert options. I am aware that the Rapid City Journal does have a mailed insert program but that it does not offer its advertisers customized zone options as advantageous to smaller advertisers as we do.

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**Stamps.com**

**Frank R. Heselton  
(Stamps.com-T-1)**

**DFC/STAMPS.COM-T1-14**

Please refer to your response to DFC/STAMPS.COM-T1-9.

- (a) Please explain why you can state that some "offices" are in California, yet you cannot identify the specific processing facilities.
- (b) Please explain in detail how you determined that the letters "showed no indication of having their address read and processed."
- (c) Please confirm that MLOCR's can read bar codes in the address block. If you do not confirm, please explain.
- (d) Please confirm that an MLOCR will not spray a bar code at the bottom of the envelope if the MLOCR successfully reads a delivery-point bar code in the address block.
- (e) Please confirm that, under normal circumstances, the following two envelopes will have the same processing marks: (1) an envelope processed on an AFCS and displaying a delivery-point bar code in the address block that is routed to a bar-code sorter; (2) an envelope processed on an AFCS and displaying a delivery-point bar code in the address block that is routed to an MLOCR. If you do not confirm, please explain in detail the differences in processing marks.
- (f) In your response to DFC/STAMPS.COM-T1-9(c), you stated that the Postal Service's use of the word "currently" suggests that the Postal Service will change processing of FIM "D" mail on AFCS machines in the future. Please provide all other facts and information supporting your contention that the Postal Service will change processing of FIM "D" mail in the future.

**RESPONSE:**

- (a) The envelopes I examined were from correspondents located in California. I did not examine any cancellation marks, which would have indicated the specific facilities performing initial sortation.
- (b) Had their addresses been read and processed, a barcode would have been sprayed on each letter under the address block. None had such a barcode.
- (c) Confirmed.
- (d) Confirmed.
- (e) Confirmed. In responding to DFC/STAMPS.COM-T1-9, I interpreted the presence of a delivery point barcode in the address block and the absence of such a code below the address block as indicating that the

letters had been processed on a BCS. It is possible, however, that the letters were processed on an MLOCR instead, which would detect the presence of the barcode in the address block and sort the letter by reading it, as would a BCS. In either case, the addresses would not be read or processed, and the letters would avoid image lifts and RBCS processing, the same as avoided by QBRM letters.

- (f) My response to DFC/STAMPS.COM-T1-9(c) contains all the facts and information supporting my suggestion that the Postal Service will change such processing in the future.

**DFC/STAMPS.COM-T1-15**

Please refer to your response to DFC/STAMPS.COM-T1-10. Do you contend that the Postal Service never operates AFCS machines in "lift everything" mode? If yes, please provide all facts and information supporting your contention. If not, please confirm that IBIP mail processed on an AFCS machine in "lift everything" mode may incur costs from ISS, RCR, and OSS. (Consistent with the response to DFC/USPS-103, please assume that the AFCS machine sorts FIM "D" mail to the stacker for typewritten mail, not the stacker for pre-bar-coded mail.)

**RESPONSE:**

As my response indicates, it is my understanding that Postal Service policy is to operate the AFCS in the script only mode. I do not know whether or not the Postal Service ever operates AFCS machines in the lift everything mode. In the lift everything mode, all the letters processed through such AFCS machines – regardless of category – would incur costs from ISS, RCR and OSS, depending on processing equipment selected after AFCS processing. Since the Postal Service's policy is to operate the AFCS in the script only mode, however, such costs would be unusual and would not be significant in determining the proposed discount for IBIP prepared and addressed letters.

**DFC/STAMPS.COM-T1-16**

Please refer to your response to DFC/STAMPS.COM-T1-12.

- (a) Please provide all facts and information supporting your contention that "the policy is for the mailer to take back the mailing and apply the correct date" and "[i]f such mail is found in the mailstream, the policy is to warn the mailer."
- (b) Please provide all facts and information supporting your contention that the Postal Service generally does not overcancel incorrectly dated metered mail.

**RESPONSE:**

- (a) My response was based on information in the PC Postage Information Package for use by postmasters, managers, and supervisors in retail, distribution, and delivery operations to inform employees about PC postage and the Information Based Indicia. This package was distributed internally by the Postal Service and also was published in Postal Bulletin 22004 (8-12-99), which indicates on page 10 that: "PC Postage with the wrong entry date is handled the same as metered mail. The customer will have to put a correction on the back of the letter by printing a zero-value Information Based Indicia with the correct date of mailing, just as metered mail customers do. If PC Postage is found in the mailstream bearing the wrong date without the correction, the customer will be issued a warning."
- (b) See my response to (a), above. While the Postal Service has the option of accepting incorrectly dated mail and overcancelling it, its policy is to return the mail for correction or to issue a warning to the customer. I conclude, based on its policy, that it does not generally overcancel incorrectly dated metered mail.

**DFC/STAMPS.COM-T1-17**

Please refer to your response to DFC/STAMPS.COM-T1-13.

- (a) Please confirm that an unknown portion of letter-sized IBIP mail that would receive the four-cent discount that Stamps.com proposes would be rejected from the culling system as too thick and would need to be faced manually. If you do not confirm, please explain and provide the specific portion and quantity.
- (b) Please confirm that the Commission should assume that letter-sized IBIP mail paying either the two-ounce rate or the three-ounce rate likely is rejected from the culling system as too thick and must be faced manually. If you do not confirm, please identify the number of sheets of various sizes and weights of paper that, you believe, will consistently fit in letter-size envelopes paying either the two-ounce rate or the three-ounce rate but not be too thick to pass through the culling system and AFCS.
- (c) For the most-recent period for which statistics are available, please provide the quantity of letter-sized mail for which Stamps.com customers printed postage on envelopes to pay the two-ounce rate and the three-ounce rate. Please also express these quantities as a percentage of total volume of Stamps.com postage printed on letter-size envelopes.

**RESPONSE:**

- (a) Confirmed. However, since only a small percentage of letters weigh more than one ounce, and automation equipment usually can handle letters weighing a little over three ounces, I anticipate little rejection of IBIP letters in automated mail processing.
- (b) Not confirmed. The likely incidence of rejection is too small to merit consideration in developing a discount for IBIP prepared and addressed letters, and should be ignored by the Commission. I do not know the number of sheets of various sizes and weights of paper that will fit in letter-sized envelopes at either the two-ounce or the three-ounce rate that would not be too thick to receive automated processing.
- (c) I do not know or have this information.



**Stamps.com**

**Thomas C. Kuhr  
(Stamps.com-T-2)**

**OCA/STAMPS.COM-T2-1**

Please describe the current end users (e.g., small businesses, home offices, households, etc.) of Stamps.com's PC postage products and services. Include discussions of business demographics, household demographics, average mail volumes, and type of mail to which PC postage is applied. Provide copies of all supporting documentation.

**RESPONSE:**

Stamps.com has a substantial number of users in each of four categories: household, home office, small business (1 – 5 employees), and large business (more than 5 employees). Pursuant to Postal Service requirements, the maximum credit balance that a PC Postage customer may maintain is \$500. This feature makes it unlikely that PC Postage will attract many large volume mailers.

**OCA/STAMPS.COM-T2-3**

You indicate that Stamps.com rolled its product out nationwide in October 1999 (Stamps.com-T-2 at 7). Provide the number of active Stamps.com customers by month from October 1999 to the present. Include only customers making postage purchases through Stamps.com in each month.

**RESPONSE:**

As of March 31, 2000, Stamps.com reported a customer base of 187,000 customers. By press release dated June 20, 2000, Stamps.com reported that it has more than 200,000 customers.

**OCA/STAMPS.COM-T2-4**

Provide Stamps.com's estimate of the number of active customers it expects to have by the end of the test period in this Docket No. R2000-1 (September 2001). Break down the estimate by the categories of end users given in response to OCA/STAMPS.COM-T2-1. Indicate specifically how many of the total number of projected customers are (a) households and (b) home offices?

**RESPONSE:**

According to witness Raymond Boggs of IDC, from the start-up year of 1999, when total postage spending (equipment plus postage) will reach \$8.2 million, annual spending will grow by a factor of roughly 200 to reach \$1.3 billion in 2003. IDC believes that PC Postage will come to represent over 10% of total postage spending by small businesses and income-generating home offices. (See Boggs testimony, p. 35.)

**OCA/STAMPS.COM-T2-5**

Currently, what is the average amount of postage purchased by a Stamps.com customer monthly? What is the average number of mailpieces to which a Stamps.com customer applies Stamps.com postage monthly?

**RESPONSE:**

As stated in response to question 1 above, the Postal Service limits the amount of postage that a customer may maintain as a credit balance in his PC Postage account to \$500. This feature makes it unlikely that PC Postage will attract many large volume mailers, because the \$500 balance would be exhausted rapidly. At each \$500 increment, additional postage would have to be purchased, the transaction would have to clear, and confirmation would have to be received, before the mailer could resume use of PC Postage.

**OCA/STAMPS.COM-T2-7**

For customers applying First-Class postage to one ounce letter mailpieces through Stamps.com, please state the costs (over and above the cost of postage) to mail (a) 20 letters and (b) 80 letters each month. If there are choices of plans at different prices, indicate the most economical for the customer. Provide copies of rate plans.

**RESPONSE:**

Stamps.com charges a monthly service fee to our customers over and above any postage the customer purchases. This service fee is calculated from the total amount of postage the customer prints in a billing period (approximately every 30 days, starting from the date they sign up for service). Stamps.com has offered multiple service plans to consumers and small businesses since the launch of our service, and these service plans will continue to change as we attract more and different types of customers. Currently (as of June 28, 2000), we offer a choice of two service plans. The plan that is most economical to a particular consumer is the one that fits their postage consumption the best. The "Simple Plan" is more economical for a low volume consumer, where the "Power Plan" is more economical for a high volume consumer. The details of all current plans are always available on our website (<http://www.stamps.com/postage/>).

Assuming one-ounce first class letters only, a customer printing 20 letters would require \$6.60 in postage, and 80 letters would require \$26.40 in postage. Both scenarios would be considered "low volume," so the most economical plan for this customer would be the "Simple Plan." In calculating the service fee for sending 20 letters, we start with the basis of 10% of the total printed postage value, or \$.66 (20 letters times \$.33 per letter, times 10%). However, there is a \$1.99 minimum charge per month with this plan, so the customer would be billed at this minimum rate, as it is higher than the \$.66 calculated using the 10% charge. The service fee would be \$1.99. Using the same assumptions, but sending 80 letters with the Simple plan, the 80 letter customer will be billed \$2.64, which is 10% of the total postage printed.

**Stamps.com**

**Leora E. Lawton  
(Stamps.com-T-3)**

Please refer to your response to USPS/STAMPS.COM-T-3-4. Please list, describe and provide the entire survey and associated responses, including the supporting data, with regards to the information provided in Stamps.com-LR-2.

**RESPONSE:**

The entire survey was provided in Stamps.com-LR-2, as well as the supporting data for the answers to each question relied upon in my testimony.

The responses to the other survey questions, which were not provided in Stamps.com-LR-2, are being provided as follows:

Library Reference Stamps.com-LR-3 was previously provided, and it contains the supporting data for the survey answers to questions concerning the use of handwritten mail and labels. This data was not considered confidential.

Library Reference Stamps.com-LR-4 will be provided under protective conditions, and will contain the supporting data for the survey answers to questions concerning refund requests, customer tenure, and customer demographics. This data is considered confidential.



**USPS/STAMPS.COM-T3-7.**

Please refer to your response to USPS/STAMPS.com-T-3-4.

- a. Please confirm that for survey questions 6(b) and 7(b), which refers to 9-digit zip codes, the questions should read "...[if greater than 0, then goto (c)]." If not confirmed, please explain.
- b. If confirmed what impact did the errors noted in (a) have on the results of your survey.

**RESPONSE:**

- a. It should not read 'if greater than 0, then goto (c)', because then those who had used a 9-digit ZIP Code would have skipped over the specific questions relating to use of the 9-digit ZIP Code. Perhaps what would have made more sense was 'go to (e)', assuming that anyone who had not used a 9-digit ZIP Code would have used neither the POSTNET code or the FIM code.
- b. There were 545 customers who reported no use of 9-digit zip code, and of those 69 reported some use of the POSTNET barcode. Again, as with the other instances of error, this source of respondent error only underreports the impact of Stamps.com on Postal Service use. There were 50 respondents who said they used a FIM code when they did not use a 9-digit zip code.

**USPS/STAMPS.COM-T3-8.**

Please refer to your response to USPS/STAMPS.COM-T3-4. Questions 6(1) and 7(a) ask customers the percentage of pre-IBIP mailpieces that were printed, typed, and handwritten.

- a. Confirm that not all answers reflected 100 percent mail volume.
- b. Confirm that no adjustment was done to reflect the higher mail volume of businesses.
- c. If (a) and/or (b) are confirmed, explain what impact the errors had on the results of your survey.

**RESPONSE:**

- a. The respondents were asked about the proportion of mail they sent prior to use of Stamps.com and their answers tallied to 100%, except in cases where there was No Response.
- b. Confirmed.
- c. There were no errors in either (a) or (b). The former has already been explained. In the case of the latter, it is confirmed that that the analysis did not include adjustments for the proportions to reflect differential use among business compared to home use.

**United Parcel Service**  
**Institutional**

ANSWER OF UNITED PARCEL SERVICE TO  
INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

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**PSA/UPS-8.** UPS witness Sappington responded to PSA/UPS-T6-9, which asked him to compare the growth of United Parcel Service ground parcel shipments during the 1990s, the period in which witness Sappington said that Parcel Post volumes had grown substantially, with Parcel Post growth. Witness Sappington in effect said he had no information about United Parcel Service's share of the market in that period nor its volume growth. Please supply the information requested of UPS witness Sappington in that interrogatory.

**Response to PSA/UPS-8:**

UPS has objected to this interrogatory to the extent that it asks for the volume of UPS "ground parcel shipments" and a comparison of those shipments to Parcel Post volumes. However, a comparison of total UPS volume with total Postal Service parcel and express volume for the last five years follows:

ANSWER OF UNITED PARCEL SERVICE TO  
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		Postal Service Annual Domestic Parcel and Expedited Volume (thousands)	UPS Total Annual Domestic Parcel and Expedited Volume (thousands)
FY 1995	First Class (Parcels)	578,132	
	Priority	868,979	
	Express	56,690	
	Third (Std. A) (Parcels)	969,243	
	Parcel Post	218,060	
	Other Fourth	718,132	
	Total	3,409,236	2,867,249
FY 1996	First Class (Parcels)	491,555	
	Priority	959,424	
	Express	57,573	
	Standard A (Parcels)	1,036,750	
	Parcel Post	212,828	
	Other Standard B	736,038	
	Total	3,494,168	2,930,652
FY 1997	First Class (Parcels)	503,602	
	Priority	1,068,181	
	Express	63,633	
	Standard A (Parcels)	1,114,578	
	Parcel Post	236,928	
	Other Standard B	751,475	
	Total	3,738,397	2,811,842
FY 1998	First Class (Parcels)	548,613	
	Priority	1,163,831	
	Express	66,224	
	Standard A (Parcels)	1,088,383	
	Parcel Post	266,479	
	Other Standard B	704,955	
	Total	3,838,485	2,886,964
FY 1999	First Class (Parcels)	552,754	
	Priority	1,189,469	
	Express	68,673	
	Standard A (Parcels)	1,124,985	
	Parcel Post	318,982	
	Other Standard B	724,144	
	Total	3,979,007	3,024,378

ANSWER OF UNITED PARCEL SERVICE TO  
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In addition, UPS's volume and revenue for the past five years may be broken down into the following non-confidential categories:

VOLUME  
(000)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Next Day Air	169,004	193,040	207,966	238,252	263,906
Deferred	181,148	193,802	195,063	198,882	216,408
Ground	2,517,097	2,543,810	2,408,813	2,449,830	2,544,064
International	226,941	222,758	226,435	250,444	257,556

REVENUE  
(\$000)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Next Day Air	\$ 3,269	\$ 3,734	\$ 4,054	\$ 4,690	\$ 5,240
Deferred	\$ 2,041	\$ 2,207	\$ 2,314	\$ 2,464	\$ 2,694
Ground	\$12,463	\$12,940	\$12,500	\$13,496	\$14,379
International	\$ 2,886	\$ 2,989	\$ 2,934	\$ 3,237	\$ 3,703

The "Deferred" category includes UPS Second Day Air and Three-Day Select volumes and revenues, a portion of which moves by ground transportation. The "Ground" category includes volumes and revenues for all domestic services other than those included in the Next Day Air and "Deferred" categories. The "International" category includes United States import and export shipments, as well as all non-United States shipments.

**United Parcel Service**

**David E. M. Sappington**  
**(UPS-T-6)**

ANSWER OF UNITED PARCEL SERVICE WITNESS SAPPINGTON  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION

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**PSA/UPS-T6-19.**

(a) In your response to PSA/UPS-T6-10(a) you confirmed that the standards for measuring Criterion 2, the value of service, such as the standards to which you refer in your testimony, have to be compared to something else in order to have meaning. You go on in that answer, however, to state that such comparisons need not be measured relative to "...the value delivered by another service. One can conclude, for example, that if a specified delivery service increases the speed with which it delivers mail compared to what that same service formally provided, then the value of that delivery service to its users has increased, *ceteris paribus*." Please confirm that your answer assumes that "all other things are equal, including the fact that the competitor's service did not also comparably improve?" Please explain any negative answer.

(b) Question PSA/UPS-T6-10(b) asked that you compare Parcel Post performance to that of its competitor or competitors. Your response was that you did not have data on the performance and internal operation of private competitors. Did you ask United Parcel Service to supply you with such data and, if not, please explain why you did not.

**Response to PSA/UPS-T6-19:**

(a) Confirmed. Changes in the qualities of competitors' services can affect the incremental value of service. Please see my response to USPS/UPS-T6-43 for a discussion of the incremental value of service.



ANSWER OF UNITED PARCEL SERVICE WITNESS SAPPINGTON  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION

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(b) I did not ask United Parcel Service to supply any proprietary data, just as I did not ask any other private delivery company to do so.

**United Parcel Service**

**Stephen E. Sellick  
(UPS-ST-1)**

**ANSWER OF UNITED PARCEL SERVICE WITNESS SELICK  
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION**

**PSA/UPS-ST1-1.**

Please refer to page 5 of your Supplemental Testimony where you state: "More nonsensical records have been identified in the disaggregated data than were revealed by an analysis of the aggregated data. Only 63 of 545 records which failed the Postal Service's very broad "revenue tolerance" test when applied to the disaggregated data could be detected at the aggregated level." Please complete the attached Tables 1 and 2 using data from USPS-LR-I-401.

<b>Table 1. Nonsensical Records and Total Records From Permit Imprint Parcel Post Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical	[1]	545		
Total	[2]			
Percentage Nonsensical	[3]=[1]/[2]			

<b>Table 2. Nonsensical and Not Detected by Revenue Tolerance Test Records and Total Records from Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical and Not Detected by Revenue Tolerance Test	[4]	482		
Total	[5]			
Percentage Nonsensical and Not Detected by Revenue Tolerance Test	[6]=[4]/[5]			

ANSWER OF UNITED PARCEL SERVICE WITNESS SELICK  
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

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**RESPONSE TO PSA/UPS-ST1-1:**

<b>Table 1. Nonsensical Records and Total Records From Permit Imprint Parcel Post Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical	[1]	545	46,300	422,001
Total	[2]	657,156	236,363,186	623,770,930
Percentage Nonsensical	[3]=[1]/[2]	.08293%	.01959%	.06765%

<b>Table 2. Nonsensical and Not Detected by Revenue Tolerance Test Records and Total Records from Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical and Not Detected by Revenue Tolerance Test	[4]	482	46,094	419,773
Total	[5]	657,156	236,363,186	623,770,930
Percentage Nonsensical and Not Detected by Revenue Tolerance Test	[6]=[4]/[5]	.07335%	.01950%	.06730%

As I discuss in my direct and supplemental testimony, the ability to detect nonsensical records in BRPW (limited above to nonsensical based on revenue per piece) is severely limited because the "revenue tolerance test" is so broad. See Tr. 31/15036-37; UPS-ST-1, pages 4 through 6.

ANSWER OF UNITED PARCEL SERVICE WITNESS SELICK  
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

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**PSA/UPS-ST1-2.**

Please confirm the following statements. If you are unable to confirm, please supply an explanation.

(a) Please confirm that Parcel Post single-piece mail would generally be counted in DRPW, not BRPW, because BRPW only counts permit imprint pieces.

(b) Please confirm that the Standard (A) Single-Piece subclass was eliminated with the implementation of Docket No. R97-1 rates.

(c) Please confirm that after the implementation of Docket No. R97-1 rates, no Standard (A) rate was higher than any Parcel Post rate. Ratefold (Notice 123).

*[Highest Standard (A) Mail rate is one-pound Basic, Nonautomation, No Destination Entry nonletter. This rate is 84.1 cents (16.4 cents + 67.7 cents). Lowest Parcel Post rate is \$1.21 for 2-pound, DDU parcel.]*

(d) Please confirm that after the implementation of Docket No. R97-1 rates, Standard (A) Mail could not be mailed at Parcel Post rates because Parcel Post rates are higher than Standard (A) rates. DMM 54 Section E612.4.6.

(e) Please confirm that before the implementation of Docket No. R97-1 rates, no bulk Standard (A) rate was higher than any Parcel Post rate. DMM 52 Section R600.

*[Highest bulk Standard (A) rate was 84.3 cents (16.6 cents + 67.7 cents) for one-pound Basic, Nonautomation, No Destination Entry nonletter. Lowest Parcel Post rate was \$2.10 for 2-pound, DBMC Zone 1&2 parcel.]*

(f) Please confirm that in GFY 1999 there were only 42 million pieces of Standard (A) Single Piece mail. (GFY 1999 RPW Report)

**ANSWER OF UNITED PARCEL SERVICE WITNESS SELICK  
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION**

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(g) Please confirm that the average revenue per piece in GFY 1999 for Standard (A) Single Piece mail was approximately 81 cents. (GFY 1999 RPW Report)

(h) Please confirm that the lowest pre-R97-1 inter-BMC rate for a Standard (B) Parcel Post parcel was \$2.63. DMM 52 Section R600.6.1.

(i) Please confirm that the lowest pre-R97-1 intra-BMC rate for a Standard (B) Parcel Post parcel was \$2.24. DMM 52 Section R600.6.3.

(j) Please confirm that the average revenue per piece for Standard (A) Single-Piece mail in GFY 1999 was less than half of the lowest pre-R97-1 implementation Parcel Post single-piece rate.

**RESPONSE TO PSA/UPS-ST1-2:**

(a) Generally, Parcel Post single-piece mail would be counted in DRPW. However, a number of Parcel Post records in the BRPW system appear to be for single-piece Parcel Post.

(b) The Standard A Single-Piece subclass was eliminated effective January 10, 1999, during FY1999.

(c)-(d) These statements are not applicable to FY1998. While I have not checked all possible rate combinations, it appears that after January 10, 1999, no standard A rate was higher than any Parcel Post rate.

(e) While I have not checked all possible rate combinations, the statement in this paragraph appears to be correct.

ANSWER OF UNITED PARCEL SERVICE WITNESS SELICK  
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

(f) Confirmed that RPW reported that there were approximately 150 million pieces of Standard (A) Single-Piece mail in GFY 1998 and approximately 42 million pieces in GFY 1999.

(g) Confirmed that RPW reported that the average revenue per piece in GFY 1999 for Standard (A) Single-Piece mail was approximately 81 cents. Since these are just averages, some of this Standard (A) Single-Piece mail reflects higher revenue per piece and others reflect lower revenue per piece. Rates for Standard (A) Single-Piece mail relevant to FY1998 ranged up to \$2.95 per piece.

(h) Confirmed.

(i) Confirmed.

(j) Confirmed that, according to RPW, the average revenue per piece for Standard (A) Single-Piece mail in GFY1999 was less than half of the lowest pre-R97-1 implementation Parcel Post single-piece rate. Note, however, that Standard (A) Single-Piece rates for all pieces over nine ounces (\$2.39 per piece to \$2.95 per piece) are in many instances greater than the applicable pre-R97-1 implementation Parcel Post rates. See DMM Issue 53 at R600.1.1 (Standard (A) Rates).

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO QUESTION OF UNITED STATES POSTAL SERVICE AT HEARINGS

Tr. 37/17002, lines 21-23. If you disregard the three Library Reference 401 records with the largest weight differences, what does the aggregate difference then amount to?

**RESPONSE:** 3,810,815 pounds.



RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO QUESTION OF UNITED STATES POSTAL SERVICE AT HEARINGS

Tr. 37/17003, lines 8-10. What if you disregard the 113 records with the largest weight discrepancies, then what does the aggregate difference become?

**RESPONSE:** 8,523 pounds.

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO QUESTION OF UNITED STATES POSTAL SERVICE AT HEARINGS

Tr. 37/17008, lines 16-17. How many total records did you find problematic in  
any respect?

**RESPONSE:**

	NUMBER OF POSTAGE STATEMENTS	NUMBER OF VIP BLOCKS
Revenue Differs	2,367	4,802
Pieces Differ	2,367	4,802
Weight Differs	127,596	219,328

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO QUESTION OF UNITED STATES POSTAL SERVICE AT HEARINGS

Tr. 37/17012, lines 7-8. How many total records, postage statement-level  
records appear in Library Reference 401?

**RESPONSE:** 212,717.

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO QUESTION OF UNITED STATES POSTAL SERVICE AT HEARINGS

Tr. 37/17012, lines 15-16. How many total VIP-level records are there?

RESPONSE: 657,156.

**United Parcel Service**

**Stephen E. Sellick  
(UPS-T-2)**

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

REQUEST: 2. Please submit the logs from the run of the SAS programs witness Sellick uses to calculate Mail Processing variable costs in UPS-T-2, workpapers WP-1-D and E.

RESPONSE: The logs of the run of the SAS programs in workpapers WP-1-D and WP-1-E of UPS-T-2 are contained in the electronic files called "UPS-Sellick-WP-POIR-19-I\Question 2\WP-1-D Log Files.zip" and "UPS-Sellick-WP-POIR-19-I\Question 2\WP-1-E Log Files.zip" and provided with Workpaper UPS-Sellick-WP-POIR-19-I, which is also being filed today.

RESPONSE OF UNITED PARCEL SERVICE WITNESS STEPHEN E. SELICK  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

REQUEST: 3. In LR-I-106, Parts II and V, Postal Service witness Van-Ty-Smith presents the results of the calculation of mail processing variabilities and various premium costs using SAS programs, as does witness Sellick in the UPS-T-2 workpapers. Witness Van-Ty-Smith also presents in LR-I-106, Parts III, IV, VI, VII, and VIII, which contain data used to calculate other factors used in the rate making. Please submit the calculations, including supporting programs and logs, for the factors in LR-I-106, Parts III, IV, VI, VII and VIII that are impacted by witness Sellick's treatment of mail processing costs.

RESPONSE: The calculations for the factors in Library Reference USPS-LR-I-106 Parts III, IV, VI, VII, and VIII are presented in Workpaper UPS-Sellick-WP-POIR-19-I as noted below, which is also being filed today. Supporting programs and logs are provided in the electronic files included with this workpaper as noted below.

- ♦ III: Disaggregated Mail Processing Volume Variable Costs -- I re-computed the programs in this section at 100% volume variability and subtracted "migrated" costs by pool from the output mail classes to restate this section to be consistent with UPS's treatment of mail processing costs.

An Excel spreadsheet and SAS output tables showing these calculations are provided in Workpaper UPS-Sellick-WP-POIR-19-I. Associated program and log files are included in the electronic version of this workpaper.

- IV: Administrative and Window Service Costs -- Calculations in this section of Library Reference USPS-LR-I-106 do not appear to make reference to, or to be affected by, volume variabilities, and therefore do not appear to be impacted by my

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treatment of mail processing costs. Accordingly, no workpapers or electronic files pertaining to this section are attached.

- VI: Operation-Specific Piggyback Matrix -- I modified the Postal Service's SAS code to exclude the migrated tallies from the calculations in Table D of this section. The resulting total costs by pool match total costs by pool (excluding migrated costs) in Section III of the Library Reference USPS-LR-I-106 output. SAS output tables from this section are provided in Workpaper UPS-Sellick-WP-POIR-19-I. The Programs and log files, called "PiggyFY98\_Exempt.sas," "PiggyFY98\_Exempt.lst" and "PiggyFY98\_Exempt.log," are included in the electronic version of this workpaper.
- VII: Overhead Factors for Model Costs -- I re-computed the programs in this section at 100% volume variability and subtracted the total "migrated" pool costs from the "Other" column of each pool to restate this section to be consistent with UPS's treatment of mail processing costs. Restated Tables VII-A, VII-B, and VII-C are provided in Workpaper UPS-Sellick-WP-POIR-19-I and in the electronic version of this Workpaper. An Excel spreadsheet and SAS output tables showing these calculations are provided in Workpaper UPS-Sellick-WP-POIR-19-I. Associated program and log files are included in the electronic version of this workpaper.
- VIII: Disaggregation of Clerk & Mailhandler Wages for Use in Cost Studies -- As noted by the Postal Service in Library Reference USPS-LR-I-138 (MODS-Based Costing SAS Outputs and Spreadsheets PRC Version), Part VIII "remains the same" whether the approach is the PRC version or the Postal Service version and does



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not appear to be impacted by UPS's treatment of mail processing costs. Accordingly,  
no workpapers or electronic files pertaining to this section are attached.

**United Parcel Service**

**Stephen E. Sellick  
(UPS-T-4)**

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TO REQUEST OF UNITED STATES POSTAL SERVICE AT HEARINGS

20668

Tr. 31/15201. Please provide the instruction to DRPW data collectors indicating "that Standard A mail entered at Standard B rates should be recorded still as Standard A mail."

**RESPONSE:** The instruction in effect in FY1998 stated, "If you find a Standard Mail (A) mailpiece that has been paid at the Standard Mail (B) rate, record this mailpiece as Standard Mail (A) Single Piece." It is found on pages 3-83 and 3-95 of Handbook F-75, "Data Collection User's Guide for Revenue, Volume, and Performance Measurement Systems," Library Reference USPS-LR-I-37. See also USPS-LR-I-37 at 3-149 and 3-156. Copies of these pages are attached.

- **Standard Mail (A) Single Piece paid at Standard Mail (B) rates:** If you find a Standard Mail (A) mailpiece that has been paid at the Standard Mail (B) rate, record this mailpiece as Standard Mail (A) Single Piece. Choose *Other Revenue* and enter the revenue as *Paid Correctly*. Under most circumstances, you will find such mail on its initial delivery attempt and bearing PVI meter postage. You may also find this mailpiece when it is being returned and a postage due clerk is marking it up at the Standard Mail (B) rate.

**1 From your *Main Options Menu*, select Option <3> Standard Mail (A).**

CODES displays one of two *Main Options Menu* screens (Figure 3-21 or Figure 3-22). Select Option <3> Standard Mail (A).

**2 Select the rate category that corresponds to your mailpiece(s) by performing the substeps that follow the screen shown below.**

CODES will display the *Standard Mail (A) Options Menu* (Figure 3-37). For examples and a consolidated procedure that includes both rate category selection and final verification guidelines, refer to RM 3-06.

Standard Incoming Test		Sample Facility Number Four	
<b>Mailpiece</b> Std. Mail A		<b>Data Entry</b> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> 1. Standard A Single Piece  2. Standard A Regular  3. Standard A Enhanced Car-Rt  4. Standard A Nonprofit Regular  5. Standard A Nonprofit Enhanced Car-Rt  6. Keys &amp; Other ID Devices. </div>	
<b>Special Service(s)</b> <div style="border: 1px solid black; height: 20px; margin: 5px 0;"></div>			
<b>Revenue</b> Mailpiece \$ Total	<b>Messages</b> <div style="border: 1px solid black; height: 30px; margin: 5px 0;"></div>		
<b>Category</b>			
<B> Help		↑ Back Up	<E> Erase    Record   3

**Figure 3-37. Standard Mail (A) Options Menu**

- a Check to see if the mailpiece is Standard Mail (A) Regular, Standard Mail ECR, Standard Mail (A) Nonprofit, Standard Mail (A) Nonprofit ECR, or Standard Mail (A) Single Piece.
  1. If the mailpiece is endorsed *Bulk Rate* or *Blk. Rt.*, it is either Standard Mail (A) Regular or Standard Mail (A) Enhanced Carrier Route (ECR). If either is the case, go to Step 2b.

- iv. If the mailpiece bears an automation rate barcode, record the mailpiece as *Basic Automation, No destination discount*.
- v. If the mailpiece has not yet been classified, record the mailpiece as *Basic Automation, No destination discount*.

**12 For all Standard Mail (A) Regular, ECR, Nonprofit Regular, and Nonprofit ECR, go to Step 2 of Section 3.10.5.**

#### **3.10.4 Standard Mail (B)**

As you enter data into the CODES software, a record of your entries for your current mailpiece will be displayed in the upper left field of the CODES Laptop screen.

**Standard Mail (B):** This mailpiece is not marked First-Class, Priority, or Periodicals. With the exception of Library Mail and Special Mail, Standard Mail (B) weighs 16 ounces or more. It has the following dimensions and weight limitations: each piece may not exceed 70 Lbs., except matter at bound printed matter rates (which may not exceed 10 pounds). The combined length and girth of a piece may not exceed 108 inches.

Note the following exceptions:

- **Bound Printed Matter (BPM) Permit Imprint:** BPM Permit Imprint mailpieces are not countable in the RPW test.
- **Unendorsed mail over 16 ounces:** With one exception, always record unendorsed mail weighing 16 ounces or greater as Standard Mail (B) zone rated parcel mail. The one exception to this rule is when the mailpiece bears metered or stamped postage equal to or greater than what the mailpiece's Priority rate would be if you were to base this rate upon the mailpiece's zone and weight. If the unendorsed mailpiece weighs more than 16 ounces and the metered or stamped postage is equal to or greater than the Priority rate consistent with the mailpiece's zone and weight, record the mailpiece as Priority Mail. For more information on unendorsed mail, see Section 3.15, Part 5, *Unendorsed Mail*.
- **Standard Mail (A) paid at Standard Mail (B) rates:** If you find a Standard Mail (A) mailpiece that has been paid at the Standard Mail (B) rate, record this mailpiece as Standard Mail (A) Single Piece. Choose *Other Revenue* and enter the revenue as *Paid Correctly*. Under most circumstances, you will find such mail on its initial delivery attempt and bearing PVI meter postage. You may also find this mailpiece when it is being returned as postage due.

Consolidated Originating		ROSEDALE BRANCH	
<b>Mailpiece</b> <b>Priority</b> <b>Regular</b> <b>ZIP = 223 zone = 1</b>	<b>Data Entry</b>  Enter weight of piece(s): Lbs <input type="text"/> 0 Oz <input type="text"/>		
<b>Special Service(s)</b>			
<b>Revenue</b> <b>Mailpiece</b> <b>SS</b> <b>Total</b>	<b>Messages</b>		
<b>Category</b>			
<H> Help		1 Back Up	<E> Erase Record 3

Figure 3-121. Priority Manual Weight of Mailpieces

**6 Record the COD or the Insurance fee. Then go to Section 3.12.8.**

CODES will display the *COD Fee* screen or the *Insurance Fee* screen (see Figure 3-116 or Figure 3-117). Enter the amount of the COD or insurance revenue shown on the mailpiece and press <Enter>.

**3.12.3**

**Standard Mail (A), COD, and Insured**

As you input data into the CODES software, a record of your entries for your current mailpiece will be displayed in the upper left field of the CODES Laptop screen.

**Standard Mail (A):** This mail is neither mailed or required to be mailed as First-Class, nor is it entered as Periodicals. Each Standard Mail (A) mailpiece must weigh less than 16 ounces.

Observe the following guidelines and exceptions to Standard Mail (A) originating mail:

- **Standard Mail (A) Single Piece paid at Standard Mail (B) rates:** If you find a Standard Mail (A) single-rated mailpiece that has been paid at the Standard Mail (B) rate, record this mailpiece as Standard Mail (A) Single Piece. Choose *Other Revenue* and enter the revenue as *Paid Correctly*. Under most circumstances, you will find such mail on its initial delivery attempt and bearing PVI meter postage. You may also find this mailpiece when it is being returned and a postage due clerk is marking it up at the Standard Mail (B) rate.

and weight. If the unendorsed mailpiece weighs more than 16 ounces and the metered or stamped postage is equal to or greater than the Priority rate consistent with the mailpiece's zone and weight, record the mailpiece as Priority Mail. For more information on unendorsed mail, see Section 3.15, Part 5, *Unendorsed Mail*.

- **Standard Mail (A) paid at Standard Mail (B) rates:** If you find a Standard Mail (A) single-rated mailpiece that has been paid at the Standard Mail (B) rate, record this mailpiece as Standard Mail (A) Single Piece. Choose *Other Revenue* and enter the revenue as *Paid Correctly*. Under most circumstances, you will find such mail on its initial delivery attempt and bearing PVI meter postage. You may also find this mailpiece when it is being returned as postage due.

**1 From your *Main Options Menu for Originating Mail*, select COD or Insured.**

Once you have selected a subsampling option, CODES displays the *Main Options Menu for Originating Mail* (Figure 3-107 and Figure 3-108). Select either COD or insured, depending on your mailpiece.

**2 Select Option <4> Standard Mail (B).**

CODES displays the *Main Options Menu for COD or Insured Mail* (Figure 3-109 or Figure 3-110). Select Option <4> from either menu.

**3 Select one of the options given in the *Standard Mail (B) Main Options Menu*.**

CODES displays the *Standard Mail (B) Main Options Menu* (Figure 3-131). Type the number of the appropriate option and press <Enter>: Parcel Post Zone Rated; Special Standard Mail (B) Single Piece and Bulk Presort; Bound Printed Matter Single Piece, Bulk, and Bulk Carrier Rt.; and Library Mail.

For definitions, see RM 3-07.

